FORM 10-K

PEABODY ENERGY CORP - BTU

Filed: March 16, 2016 (period: December 31, 2015)

Annual report with a comprehensive overview of the company

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 10-K

☑ ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the Fiscal Year Ended December 31, 2015

or

☐ TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

Commission File Number 1-16463

PEABODY ENERGY CORPORATION

(Exact name of registrant as specified in its charter)

Delaware *(State or other jurisdiction of incorporation or organization)*	13-4004153 *(I.R.S. Employer Identification No.)*
701 Market Street, St. Louis, Missouri *(Address of principal executive offices)*	63101 *(Zip Code)*

(314) 342-3400
Registrant's telephone number, including area code

Securities Registered Pursuant to Section 12(b) of the Act:

Title of Each Class	*Name of Each Exchange on Which Registered*
Common Stock, par value $0.01 per share	New York Stock Exchange

Securities Registered Pursuant to Section 12(g) of the Act:
None

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act. Yes ☐ No ☑

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or Section 15(d) of the Act. Yes ☐ No ☑

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports) and (2) has been subject to such filing requirements for the past 90 days. Yes ☑ No ☐

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§ 232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes ☑ No ☐

Indicate by check mark if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K (§ 229.405 of this chapter) is not contained herein, and will not be contained, to the best of registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K. ☑

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See the definitions of "large accelerated filer," "accelerated filer" and "smaller reporting company" in Rule 12b-2 of the Exchange Act. (Check one):

Large accelerated filer ☑	Accelerated filer ☐	Non-accelerated filer ☐ (Do not check if a smaller reporting company)	Smaller reporting company ☐

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes ☐ No ☑

Aggregate market value of the voting stock held by non-affiliates (shareholders who are not directors or executive officers) of the Registrant, calculated using the closing price on June 30, 2015: Common Stock, par value $0.01 per share, $606.1 million.

Number of shares outstanding of each of the Registrant's classes of Common Stock, as of March 8, 2016: Common Stock, par value $0.01 per share, 18,538,665 shares outstanding.

DOCUMENTS INCORPORATED BY REFERENCE

Portions of the Company's Proxy Statement to be filed with the Securities and Exchange Commission in connection with the Company's 2016 Annual Meeting of Shareholders (the Company's 2016 Proxy Statement) are incorporated by reference into Part III hereof. Other documents incorporated by reference in this report are listed in the Exhibit Index of this Form 10-K.

CAUTIONARY NOTICE REGARDING FORWARD-LOOKING STATEMENTS

This report includes statements of our expectations, intentions, plans and beliefs that constitute “forward-looking statements” within the meaning of Section 27A of the Securities Act of 1933 and Section 21E of the Securities Exchange Act of 1934 and are intended to come within the safe harbor protection provided by those sections. These statements relate to future events or our future financial performance, including, without limitation, the section captioned “Outlook” in Management’s Discussion and Analysis of Financial Condition and Results of Operations. We use words such as “anticipate,” “believe,” “expect,” “may,” "forecast," “project,” “should,” “estimate,” “plan,” "outlook" or other similar words to identify forward-looking statements.

Without limiting the foregoing, all statements relating to our future operating results, anticipated capital expenditures, future cash flows and borrowings and sources of funding are forward-looking statements and speak only as of the date of this report. These forward-looking statements are based on numerous assumptions that we believe are reasonable, but are subject to a wide range of uncertainties and business risks and actual results may differ materially from those discussed in these statements. Among the factors that could cause actual results to differ materially are:

- supply and demand for our coal products;
- sustained depressed levels or further declines in coal prices;
- competition in coal markets;
- price volatility, particularly in international seaborne products and in our trading and brokerage businesses;
- adequate liquidity to operate our business and service our debt obligations;
- impacts of our high leverage and our ability to comply with the covenants in our credit agreements, particularly our leverage ratio and interest coverage covenants;
- our ability to successfully negotiate transactions with debt holders, including debt exchanges and debt buybacks;
- our ability to successfully consummate the planned sale of our assets in New Mexico and Colorado, including the purchaser's ability to successfully obtain financing, and the divestiture of our interest in the Prairie State Energy Campus;
- the cost, availability and access to capital and financial markets, including the ability to secure new financing;
- ability to appropriately secure our obligations for reclamation, federal and state workers' compensation, federal coal leases and other obligations related to our operations, including our ability to remain eligible for self-bonding and/ or successfully access the commercial surety bond market;
- customer procurement practices and contract duration;
- impact of alternative energy sources, including natural gas and renewables;
- global steel demand and the downstream impact on metallurgical coal prices;
- lower demand for our products by electric power generators;
- impact of weather and natural disasters on demand, production and transportation;
- reductions and/or deferrals of purchases by major customers and our ability to renew sales contracts;
- credit and performance risks associated with customers, suppliers, contract miners, co-shippers and trading, banks and other financial counterparties;
- geologic, equipment, permitting, site access, operational risks and new technologies related to mining;
- transportation availability, performance and costs;
- availability, timing of delivery and costs of key supplies, capital equipment or commodities such as diesel fuel, steel, explosives and tires;
- impact of take-or-pay arrangements for rail and port commitments for the delivery of coal;
- successful implementation of business strategies, including, without limitation, the actions we are implementing to improve our organization and respond to current market conditions;
- negotiation of labor contracts, employee relations and workforce availability, including, without limitation, attracting and retaining key personnel;
- changes in postretirement benefit and pension obligations and their related funding requirements;
- replacement and development of coal reserves;
- impacts of our high leverage and our ability to comply with the covenants in our credit agreements, particularly our leverage ratio and interest coverage covenants;
- effects of changes in interest rates and currency exchange rates (primarily the Australian dollar);
- effects of acquisitions or divestitures;
- economic strength and political stability of countries in which we have operations or serve customers;

- legislation, regulations and court decisions or other government actions, including, but not limited to, new environmental and mine safety laws, regulations or requirements, changes in income tax regulations, sales-related royalties or other regulatory taxes and changes in derivatives laws and regulations;
- our ability to obtain and renew permits necessary for our operations;
- litigation or other dispute resolution, including, but not limited to, claims not yet asserted;
- any additional liabilities or obligations that we may have as a result of the bankruptcy of Patriot Coal Corporation (Patriot), including, without limitation, as a result of litigation filed by third parties in relation to that bankruptcy;
- terrorist attacks or security threats, including, but not limited to, cybersecurity threats;
- impacts of pandemic illnesses; and
- other factors, including those discussed in "Legal Proceedings," set forth in Part I, Item 3 of this report and "Risk Factors," set forth in Part I, Item 1A of this report.

When considering these forward-looking statements, you should keep in mind the cautionary statements in this document and in our other Securities and Exchange Commission (SEC) filings. These forward-looking statements speak only as of the date on which such statements were made, and we undertake no obligation to update these statements, except as required by the federal securities laws.

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Note: The words "we," "our," "Peabody" or "the Company" as used in this report, refer to Peabody Energy Corporation or its applicable subsidiary or subsidiaries. Unless otherwise noted herein, disclosures in this Annual Report on Form 10-K relate only to our continuing operations.

When used in this filing, the term "ton" refers to short or net tons, equal to 2,000 pounds (907.18 kilograms), while "tonne" refers to metric tons, equal to 2,204.62 pounds (1,000 kilograms).

PART I

Item 1. *Business.*

Overview

We are the world's largest private-sector coal company (by volume). As of December 31, 2015, we owned interests in 26 active coal mining operations located in the United States (U.S.) and Australia. We have a majority interest in 25 of those mining operations and a 50% equity interest in the Middlemount Mine in Australia. In addition to our mining operations, we market and broker coal from other coal producers, both as principal and agent, and trade coal and freight-related contracts through trading and business offices in Australia, China, Germany, India, the United Kingdom and the U.S. (listed alphabetically).

History and Development

We were incorporated in Delaware in 1998 and became a public company in 2001. Our history in the coal business dates back to 1883. Over the past decade, we have made strategic acquisitions and divestitures to position our company to serve U.S. and international coal markets with the highest demand. Acquisitions and divestitures of note include the following:

- In 2006, we further expanded our presence in Australia with the acquisition of Excel Coal Limited.
- In 2007, we spun off Patriot Coal Corporation (Patriot), which included mines in West Virginia and Kentucky and coal reserves in the Illinois Basin and Appalachia, through a dividend of all outstanding Patriot shares.
- In 2011, we acquired PEA-PCI (formerly Macarthur Coal Limited), an independent coal company in Australia, which included two operating mines, a 50% equity-affiliate joint venture arrangement and several development projects.

In 2015, we achieved a record global safety performance for us, and we advanced operational and capital projects focused on operational efficiency and maintaining a competitive position in the market segments in which we operate. Such advancements included advancing the development at the planned Gateway North Mine in the U.S. to replace production from the existing Gateway Mine as its reserves were exhausted in the second half of 2015 and continuing our ongoing cost containment initiatives across our global platform in response to challenged global coal market segment conditions.

Segment and Geographic Information

During the second quarter of 2015, we elected a new chief executive officer, who is also considered our chief operating decision maker (CODM). Due to that change, we updated our reportable segments to reflect the manner in which our new CODM views our businesses for purposes of reviewing performance, allocating resources and assessing future prospects and strategic execution. We now report our results of operations primarily through the following reportable segments: "Powder River Basin Mining," "Midwestern U.S. Mining," "Western U.S. Mining," "Australian Metallurgical Mining," "Australian Thermal Mining," "Trading and Brokerage" and "Corporate and Other."

Segment and geographic financial information is contained in Note 27. "Segment and Geographic Information" to our consolidated financial statements and is incorporated herein by reference.

Mining Segments

U.S. Mining Operations

The principal business of our mining segments in the U.S. is the mining, preparation and sale of thermal coal, sold primarily to electric utilities in the U.S. under long-term contracts, with a portion sold into the seaborne markets as market conditions warrant. Our Powder River Basin Mining operations consist of our mines in Wyoming. The mines in that segment are characterized by surface mining extraction processes, coal with a lower sulfur content and Btu and higher customer transportation costs (due to longer shipping distances). Our Midwestern U.S. Mining operations include our Illinois and Indiana mining operations, which are characterized by a mix of surface and underground mining extraction processes, coal with a higher Btu and sulfur content and lower customer transportation costs (due to shorter shipping distances). Our Western U.S. Mining operations reflect the aggregation of our New Mexico, Arizona and Colorado mining operations. The mines in that segment are characterized by a mix of surface and underground mining extraction processes, and of coal with mid-range sulfur and Btu content. Geologically, our Powder River Basin Mining operations mine sub-bituminous coal deposits, our Midwestern U.S. Mining operations mine bituminous coal deposits and our Western operations mine both bituminous and sub-bituminous coal deposits.

Australian Mining Operations

The business of our Australian operating platform is primarily export focused with customers spread across several countries, while a portion of our thermal coal is sold within Australia. Generally, revenues from individual countries vary year by year based on electricity and steel demand, the strength of the global economy, governmental policies and several other factors, including those specific to each country. Our Australian Metallurgical Mining operations consist of mines in Queensland and one in New South Wales, Australia. The mines in that segment are characterized by both surface and underground extraction processes used to mine various qualities of metallurgical coal (low-sulfur, high Btu coal). The metallurgical coal qualities include hard coking coal, semi-hard coking coal, semi-soft coal and pulverized coal injection (PCI) coal. Our Australian Thermal Mining operations consist of mines in New South Wales, Australia. The mines in that segment are characterized by both surface and underground extraction processes used to mine low-sulfur, high Btu thermal coal. We classify our Australian mines within the Australian Metallurgical Mining or Australian Thermal Mining segments based on the primary customer base and coal reserve type of each mining operation. A small portion of the coal mined by the Australian Metallurgical Mining segment is of a thermal grade. Similarly, a small portion of the coal mined by the Australian Thermal Mining segment is of a metallurgical grade. Additionally, the Company may market some of its metallurgical coal products as a thermal coal product from time to time depending on market conditions.

The table below summarizes information regarding the operating characteristics of each of our mines that were active in 2015 in the U.S. and Australia. The mines are listed within their respective mining segment in descending order, as determined by tons sold in 2015.

Segment/Mining Complex	Location	Mine Type	Mining Method	Coal Type	Primary Transport Method	2015 Tons Sold (In millions)
Powder River Basin Mining						
North Antelope Rochelle	Wyoming	S	D, DL, T/S	T	R	109.3
Rawhide	Wyoming	S	D, T/S	T	R	15.2
Caballo	Wyoming	S	D, T/S	T	R	11.4
Other (1)	—	—	—	—	—	2.9
Midwestern U.S. Mining						
Bear Run	Indiana	S	DL, D, T/S	T	Tr, R	7.9
Francisco Underground	Indiana	U	CM	T	R	2.9
Somerville Central	Indiana	S	DL, D, T/S	T	R, R/B, T/B, T/R	2.1
Wild Boar	Indiana	S	D, T/S	T	Tr, R, R/B, T/B	2.0
Wildcat Hills Underground	Illinois	U	CM	T	T/B	1.7
Gateway (2)	Illinois	U	CM	T	Tr, R, R/B, T/B	1.3
Cottage Grove	Illinois	S	D, T/S	T	T/B	1.3
Somerville North	Indiana	S	D, T/S	T	Tr, R, R/B, T/B, T/R	0.8
Somerville South	Indiana	S	D, T/S	T	Tr, R, R/B, T/B,	0.7
Gateway North	Illinois	U	CM	T	Tr, R, R/B, T/B	0.5
Western U.S. Mining						
El Segundo	New Mexico	S	D, DL, T/S	T	R	8.1
Kayenta	Arizona	S	DL, T/S	T	R	6.6
Twentymile	Colorado	U	LW	T	R, Tr	3.2
Lee Ranch	New Mexico	S	T/S	T	R	—
Australian Metallurgical Mining						
Millennium	Queensland	S	D, T/S	M, P	R, EV	4.6
Coppabella (3)	Queensland	S	DL, D, T/S	P	R, EV	2.9
North Goonyella	Queensland	U	LTCC	M	R, EV	2.7
Moorvale (3)	Queensland	S	T/S	P	R, EV	2.3
Metropolitan	New South Wales	U	LW	M	R, EV	2.0
Burton *	Queensland	S	T/S	M, T	R, EV	1.2
Middlemount (4)	Queensland	S	T/S	M, P	R, EV	—
Australian Thermal Mining						
Wilpinjong	New South Wales	S	D, T/S	T	R, EV	13.5
Wambo Open-Cut (5)	New South Wales	S	T/S	T	R, EV	3.5
North Wambo Underground (5)	New South Wales	U	LW	M, T	R, EV	3.1

Legend:			
		R	Rail
S	Surface Mine	Tr	Truck
U	Underground Mine	R/B	Rail to Barge
DL	Dragline	T/B	Truck to Barge
D	Dozer/Casting	T/R	Truck to Rail
T/S	Truck and Shovel	EV	Export Vessel
LW	Longwall	T	Thermal/Steam
LTCC	Longwall Top Coal Caving	M	Metallurgical
CM	Continuous Miner	P	Pulverized Coal Injection
*	Mine operated by a contract miner		

(1) "Other" in Powder River Basin Mining primarily consists of purchased coal used to satisfy certain specific coal supply agreements.

(2) Mine ceased production in 2015 due to exhaustion of reserves.

(3) We own a 73.3% undivided interest in an unincorporated joint venture that owns the Coppabella and Moorvale mines.

(4) We own a 50.0% equity interest in Middlemount Coal Pty Ltd., which owns the Middlemount Mine. Because that entity is accounted for as an unconsolidated equity affiliate, 2015 tons sold from that mine, which totaled 4.2 million tons (on a 100% basis), have been excluded from the table above.

(5) Represents our majority-owned mines in which there is an outside non-controlling ownership interest.

Refer to the "Summary of Coal Production and Sulfur Content of Assigned Reserves" table within Part I, Item 2. "Properties," which is incorporated by reference herein, for additional information regarding coal reserves, product characteristics and production volume associated with each mine.

Trading and Brokerage Segment

Our Trading and Brokerage segment engages in the direct and brokered trading of coal and freight-related contracts through our trading and business offices. Coal brokering is conducted both as principal and agent in support of various coal production-related activities that may involve coal produced from our mines, coal sourcing arrangements with third-party mining companies or offtake agreements with other coal producers. The Trading and Brokerage segment also provides transportation-related services, which involves both financial derivative contracts and physical contracts. Collectively, coal and freight-related hedging activities include both economic hedging and, from time to time, cash flow hedging in support of our coal trading strategy.

Corporate and Other Segment

Our Corporate and Other segment includes selling and administrative expenses, corporate hedging activities, mining and export/transportation joint ventures, restructuring charges and activities associated with the optimization of our coal reserve and real estate holdings, minimum charges on certain transportation-related contracts, the closure of inactive mining sites and certain energy-related commercial matters.

Resource Management. As of December 31, 2015, we held approximately 6.3 billion tons of proven and probable coal reserves and approximately 500 thousand acres of surface property through ownership and lease agreements. We have an ongoing asset optimization program whereby our property management group regularly reviews these reserves and surface properties for opportunities to generate earnings and cash flow through the sale or exchange of non-strategic coal reserves and surface lands. In addition, we generate revenue through royalties from coal reserves and oil and gas rights leased to third parties and farm income from surface lands under third-party contracts.

Middlemount Mine. We own a 50% equity interest in Middlemount Coal Pty Ltd., which owns the Middlemount Mine in Queensland, Australia. The mine predominantly produces semi-hard coking coal and LV PCI coal for sale into seaborne coal markets through rail and port capacity contracted through Abbot Point Coal Terminal, with future capacity also secured at Dalrymple Bay Coal Terminal. Mining operations first commenced at the Middlemount Mine in late 2011 and the mine continued to ramp up production and implement operational improvements through 2015. During the years ended December 31, 2015, 2014 and 2013, the mine sold 4.2 million, 3.7 million and 2.8 million tons of coal, respectively (on a 100% basis).

Export Facilities. We have a 37.5% interest in Dominion Terminal Associates, a partnership that operates a coal export terminal in Newport News, Virginia that exports both metallurgical and thermal coal primarily to European and Brazilian markets.

Generation Development. We own a 5.06% participating interest in the Prairie State Energy Campus (Prairie State), a 1,600 megawatt coal-fueled electricity generation plant and adjacent coal mine in Washington, St. Clair and Randolph counties in Illinois, which commenced commercial operations during 2012. We are responsible for our pro rata portion of Prairie State's production costs and marketing and selling our share of electricity generated by the facility. In January 2016, we entered into a definitive agreement to sell our subsidiary holding this participating interest in the Prairie State Energy Campus to the Wabash Valley Power Association for approximately $57 million, subject to certain customary closing adjustments and satisfaction of closing conditions.

Clean Coal Technology. We continue to support clean coal technology development and initiatives seeking to be more energy efficient and reduce global atmospheric levels of carbon dioxide and other emissions. In China, we are the only non-Chinese equity partner in GreenGen, an integrated gasification combined cycle coal-fueled power plant near Tianjin, China that began electric generation for commercial consumption in 2012 and plans to utilize carbon capture and storage (CCS) in its next stage of development. We are also a founding member of the U.S.-China Energy Cooperation Program. In Australia, we have an ongoing commitment to the Australian COAL21 Fund, an industry effort to pursue a collection of low-carbon emission technologies in Australia, and are also a founding member of the Global Carbon Capture and Storage Institute, an international initiative launched by the Australian government. In the U.S., we are a founding member of the FutureGen Alliance in Illinois and continued to support the development of the FutureGen 2.0 project until the Department of Energy funding was terminated in 2015. We are also a founding member of the Consortium for Clean Coal Utilization at Washington University in St. Louis and support technology development at the University of Wyoming School of Energy Resources. During 2015, Peabody acknowledged the lowest SO_2, NO_X and CO_2 emitting coal plants globally and in India, Europe, Asia (excluding China) and the U.S. through our Advanced Energy for Life Clean Coal Awards.

Coal Supply Agreements

Customers. Our coal supply agreements are primarily with electricity generators, industrial facilities and steel manufacturers. Most of our sales (excluding trading transactions) are made under long-term coal supply agreements (those with initial terms longer than one year and which often include price reopener and/or extension provisions). A smaller portion of our sales are made under contracts with terms of less than one year, including sales made on a spot basis. Sales under long-term coal supply agreements comprised approximately 88%, 83% and 80% of our worldwide sales from our mining operations (by volume) for the years ended December 31, 2015, 2014 and 2013, respectively.

For the year ended December 31, 2015, we derived 26% of our total revenues from our five largest customers. Those five customers were supplied primarily from 31 coal supply agreements (excluding trading transactions) expiring at various times from 2016 to 2026. The contract contributing the greatest amount of annual revenue in 2015 was approximately $285 million, or approximately 5% of our 2015 total revenues, and is due to expire in 2026.

Backlog. Our sales backlog (excluding trading transactions), which includes coal supply agreements subject to price reopener and/or extension provisions, was approximately 690 million and 800 million tons of coal as of January 1, 2016 and 2015, respectively. Contracts in backlog have remaining terms ranging from one to 12 years and represent approximately three years of production based on our 2015 production volume of 208.7 million tons. Approximately 74% of our backlog is expected to be filled beyond 2016.

U.S. Mining Operations. Revenues from our Powder River Basin Mining, Western U.S. Mining and Midwestern U.S. Mining segments, in aggregate, represented approximately 63%, 59% and 57% of our total revenue base for the years ended December 31, 2015, 2014 and 2013, respectively, during which periods the coal mining activities of those segments contributed respective aggregate amounts of approximately 83%, 83% and 84% of our sales volumes from mining operations. We expect to continue selling a significant portion of our Powder River Basin Mining, Western U.S. Mining and Midwestern U.S. Mining segment coal production under long-term supply agreements, and customers of those segments continue to pursue long-term sales agreements in recognition of the importance of reliability, service and predictable coal prices to their operations. The terms of coal supply agreements result from competitive bidding and extensive negotiations with customers. Consequently, the terms of those agreements vary significantly in many respects, including price adjustment features, price reopener terms, coal quality requirements, quantity parameters, permitted sources of supply, treatment of environmental constraints, extension options, force majeure and termination and assignment provisions. Our approach is to selectively renew, or enter into new, long-term supply agreements when we can do so at prices we believe are favorable.

Australian Mining Operations. Revenues from our Australian Metallurgical Mining and Australian Thermal Mining segments represented approximately 36%, 39% and 41% of our total revenue base for the years ended December 31, 2015, 2014 and 2013, respectively, during which periods the coal mining activities of those segments contributed respective amounts of 17%, 17% and 16% of our sales volumes from mining operations. Our production is primarily sold into the seaborne metallurgical and thermal markets, with a majority of those sales executed through annual and multi-year international coal supply agreements that contain provisions requiring both parties to renegotiate pricing periodically. Industry commercial practice, and our typical practice, is to negotiate pricing for those metallurgical and seaborne thermal coal contracts on a quarterly and annual basis, respectively, with a portion sold and priced on a shorter-term basis. The portion of volume priced on a shorter-term basis has increased in recent years.

Transportation

Methods of Distribution. Coal consumed in the U.S. is usually sold at the mine with transportation costs borne by the purchaser. Our Australian export coal is usually sold at the loading port, with purchasers paying ocean freight. Our U.S. export coal is more typically sold on a delivered basis into the unloading port, and we pay ocean freight. In each case, exporters usually pay shipping costs from the mine to the port, including any demurrage costs (fees paid to third-party shipping companies for loading time that exceeded the stipulated time).

We believe we have good relationships with U.S. and Australian rail carriers and barge companies due, in part, to our modern coal-loading facilities and the experience of our transportation coordinators. Refer to the table on page 4 in the foregoing "Mining Segments" section for a summary of transportation methods by mine.

Export Facilities. Our U.S. Mining operations exported 0%, 1% and 2% of its annual tons sold for the years ended December 31, 2015, 2014 and 2013, respectively. The primary ports used for U.S. exports are the United Bulk Terminal near New Orleans, Louisiana, the St. James Stevedoring Anchorages terminal in Convent, Louisiana and the Kinder Morgan terminal near Houston, Texas. In connection with our Trading and Brokerage operations, we also utilize the Dominion Terminal Associates coal terminal in Newport News, Virginia to export coal sourced from domestic third-party producers. We periodically assess opportunities for access to West Coast port facilities that will allow us to export our Powder River Basin coal products to serve demand in the Asian region, should market conditions warrant.

Our Australian Mining operations sold approximately 77%, 77% and 75% of its tons into the seaborne coal markets for the years ended December 31, 2015, 2014 and 2013, respectively. We have generally secured our ability to transport coal in Australia through rail and port contracts and interests in five east coast coal export terminals that are primarily funded through take-or-pay arrangements (Refer to the "Liquidity and Capital Resources" section in Part II, Item 7. "Management's Discussion and Analysis of Financial Condition and Results of Operations" for additional information on our take-or-pay obligations). In Queensland, seaborne metallurgical and thermal coal from our mines is exported through the Dalrymple Bay Coal Terminal, in addition to the Abbot Point Coal Terminal used by our joint venture Middlemount Mine. In New South Wales, our primary ports for exporting metallurgical and thermal coal are at Port Kembla and Newcastle, which includes both the Port Waratah Coal Services terminal and the terminal operated by Newcastle Coal Infrastructure Group (NCIG).

Suppliers

Mining Supplies and Equipment. The principal goods we purchase in support of our mining activities are mining equipment and replacement parts, diesel fuel, ammonium-nitrate and emulsion-based explosives, off-the-road (OTR) tires, steel-related products (including roof control materials), lubricants and electricity. We have many well-established, strategic relationships with our key suppliers of goods and do not believe that we are overly dependent on any of our individual suppliers.

Historically, there has been some consolidation in the supplier base providing mining materials to the coal industry for certain of these goods, such as explosives in the U.S. and both surface and underground mining equipment globally, which has limited the number of sources for these materials. In situations where we have elected to concentrate a large portion of our purchases with one supplier in lieu of seeking other alternatives, it has been to take advantage of cost savings from larger volumes of purchases, benefit from long-term pricing for parts, ensure security of supply and/or allow for equipment fleet standardization. Supplier concentration related to our mining equipment also allows us to benefit from fleet standardization, which in turn improves asset utilization by facilitating the development of common maintenance practices across our global platform and enhancing our flexibility to move equipment between mines as necessary.

Surface and underground mining equipment demand and lead times have remained suppressed in recent periods due to challenged market conditions experienced across several extractive industry sectors. This is consistent with a decline in our own near-term demand for such equipment as we have sought to defer new and early stage development projects, while continuing to evaluate the timing associated with such projects based on changes in global coal market demand. We continue to use our global leverage with major suppliers to either ensure security of supply to meet the requirements of our active projects or to delay deliveries when warranted by coal market conditions.

Services. We also purchase services at our mine sites, including services related to maintenance for mining equipment, construction, temporary labor and other various contracted services, such as contract mining for both production and development and explosive services. We do not believe that we have undue operational or financial risk associated with our dependence on any individual service providers.

Technical Innovation

We continue to advance new technologies to maximize safety, including partnering with the Mine Safety and Health Administration (MSHA) and other government agencies to identify and test emerging safety technologies. We also partner with other companies and certain governmental agencies to pursue new technologies that have the potential to improve our safety performance and provide better safety protection for employees. We are currently exploring, implementing or using leading technology to assist with proximity detection and fatigue monitoring.

We pursue technical innovation to improve equipment performance and operating efficiencies. Development is typically undertaken and funded by equipment suppliers with our engineering, maintenance, continuous improvement and purchasing personnel providing input and expertise to suppliers to design and produce equipment that we believe will improve our safety, operating performance and mining capabilities.

We seek to deploy the best mining technologies available based on the specific geologic conditions of each of our mining operations. For example, we completed the commissioning of longwall top coal caving technology at our North Goonyella Mine in Australia in 2014 and in 2015, working with the manufacturer, have improved the design of the equipment to improve safety of the system for future longwall panels.

We leverage technology and data systems to enhance our operating and maintenance efforts through the integration of original equipment manufacturer systems, mobile technology solutions and automated reporting systems to provide an integrated, real time picture of our mining operations and equipment performance. We continue to advance the use of technology applications to schedule trains, monitor coal quality and customer shipments and manage mine operations and pit blending to enhance reliability and product consistency.

We employ maintenance standards based on reliability-centered maintenance practices at all operations to increase equipment utilization and reduce maintenance and capital spending over time by extending equipment life, while reducing the risk of premature failures. Specialized maintenance reliability software is used at many operations to better support improved equipment strategies, predict equipment condition and aid analysis necessary to continually improve component life, operator training and equipment reliability.

During 2015, Peabody has expanded several innovative programs to enhance safety and reduce costs, including;

- The use of unmanned drones for aerial pit and stockpile surveys and plan to use them for inspection of equipment (dragline booms) that cannot easily be accessed;
- Began testing of autonomous blast hole drills;
- Expanded the utilization of remote equipment health monitoring to several mines and established a regional monitoring center in Brisbane; and
- Enhanced real time monitoring of prep plants through the installation of the AMPLA product at several sites.

Competition

Demand for coal and the prices that we will be able to obtain for our coal are influenced by factors beyond our control, including global economic conditions, the demand for electricity and steel, the cost of alternative fuels, the impact of weather on heating and cooling demand and taxes and environmental regulations imposed by the U.S. and foreign governments.

The markets in which we sell our coal are highly competitive. We compete directly with other coal producers and, with respect to our thermal coal products, also with producers of other energy products that provide an alternative to coal use. Metallurgical coal demand is also impacted by competing technologies used to make steel, some of which do not use coal as a manufacturing input. We compete on the basis of coal quality and characteristics, delivered energy cost (including transportation costs), customer service and support and reliability of supply.

The use of thermal coal is heavily influenced by the availability and relative cost of alternative fuels, with customers focused on securing the lowest cost fuel supply in order to produce electric power reliably at a competitive price. Alternative fuels to thermal coal include natural gas, fuel oil, nuclear, hydroelectric, wind, biomass and solar power sources.

Due to domestic growth in the use of hydraulic fracturing, natural gas is the most significant substitute to thermal coal for electricity generation in the U.S., and vice versa. We believe the economics of gas-to-coal switching enable demand for thermal coals produced in the U.S. Powder River and Illinois basins in which we produce to benefit when natural gas prices rise above a range of $2.50 to $2.75 per mmBtu and $3.50 to $3.75 per mmBtu, respectively, and to decline when natural gas prices fall below those levels. The U.S. Energy Information Administration (EIA) reported in its February 2016 “Short Term Energy Outlook” that coal’s share of U.S. electricity generation for all sectors was 33% in 2015, down from 39% in 2014. Electricity generation from coal was negatively impacted by a 40% decline in average U.S. natural gas prices, which fell to an average price of $2.63 per mmBtu in 2015. The EIA expects full year average U.S. natural gas prices to remain in line with 2015 prices at an average of $2.64 per mmBTU.

Our principal U.S. direct coal supply competitors (listed alphabetically) are other large coal producers, including Alliance Resource Partners, Alpha Natural Resources, Inc., Arch Coal, Inc., the Cline Group and Cloud Peak Energy Inc., which collectively accounted for approximately 37% of total U.S. coal production in 2014 according to the National Mining Association's "2014 Coal Producer Survey," the most recent data publicly available as of March 15, 2016. Major international direct competitors (listed alphabetically) include Anglo-American PLC, BHP Billiton, China Coal, Glencore PLC, PT Bumi Resources Tbk., Rio Tinto and Shenhua Group.

Working Capital

We generally fund our working capital requirements through a combination of existing cash and cash equivalents and proceeds from the sale of our coal production to customers and our trading and brokerage activities. Our revolving credit facility (as amended, the 2013 Revolver) under our secured credit agreement entered into in 2013 (as amended, the 2013 Credit Facility), which was fully drawn in February 2016 as a means to provide us with the maximum amount of control and flexibility with respect to our liquidity position, and our accounts receivable securitization program, which expires in April 2016, are also available to fund our working capital requirements. The Company has started the process of renewing the Accounts Receivable Securitization program. Refer to the "Liquidity and Capital Resources" section of Part II, Item 7. "Management's Discussion and Analysis of Financial Condition and Results of Operations" for additional information regarding working capital.

Employees

We had approximately 7,600 employees as of December 31, 2015, including approximately 5,700 hourly employees. Additional information on our employees and related labor relations matters is contained in Note 22. "Management - Labor Relations" to our consolidated financial statements, which information is incorporated herein by reference.

Executive Officers of the Company

Set forth below are the names, ages and positions of our executive officers. Executive officers are appointed by, and hold office at the discretion of, our Board of Directors, subject to the terms of any employment agreements.

Name	Age (1)	Position (1)
Glenn L. Kellow	48	President and Chief Executive Officer
Amy B. Schwetz	41	Executive Vice President and Chief Financial Officer
Bryan A. Galli	55	Group Executive of Marketing and Trading
Christopher J. Hagedorn	43	Group Executive of Strategy and Development
Charles F. Meintjes	53	President - Australia
A. Verona Dorch	48	Executive Vice President, Chief Legal Officer, Government Affairs and Corporate Secretary
Andrew P. Slentz	54	Executive Vice President Human Resources and Administration
Kemal Williamson	56	President - Americas

(1) As of March 8, 2016.

Glenn L. Kellow was named our President and Chief Operating Officer in August 2013, our President, Chief Executive Officer-elect and a director in January 2015 and our 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 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 Billiton, the world's largest mining company, 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 a director and executive committee member of the World Coal Association, the U.S. National Mining Association and the International Energy Agency Coal Industry Advisory Board. He is the former Chairman of Worsley Alumina in Australia, Chairman of Mozal in Mozambique, and Chairman of the global Nickel Institute. In addition, he is a past member of the executive committee of the Western Australian Chamber of Minerals and Energy and the advisory board of the Energy and Mining Institute of the University of Western Australia. Mr. Kellow is a graduate of the advanced management program at the University of Pennsylvania's Wharton School of Business and holds a master's degree in business administration and a bachelor's degree in commerce from the University of Newcastle. He holds an honorary Doctor of Science degree from the South Dakota School of Mines and Technology.

Amy B. Schwetz was named our Executive Vice President and Chief Financial Officer in July 2015. Ms. Schwetz serves as our principal accounting officer. She has previously served as our Senior Vice President of Finance and Administration - Australia, from June 2013 to June 2015; Senior Vice President of Finance and Administration - Americas, from March 2012 to June 2013; Vice President of Investor Relations, from December 2011 to March 2012; Vice President of Capital and Financial Planning, from November 2009 to December 2011; Director of Financial Planning, from August 2007 to October 2009; and Director of Compliance and Accounting Policies, from August 2005 to August 2007. Prior to joining us, Ms. Schwetz was employed by Ernst & Young LLP, an international accounting firm, where she held multiple audit roles over eight years. She holds a bachelor's degree in Accounting from Indiana University, and is a Certified Public Accountant.

Bryan A. Galli was named our Group Executive of Marketing and Trading in March 2014. He has executive responsibility for our Global Marketing and Trading Group, with oversight of sales, marketing, logistics and trading and brokerage activities across the global enterprise. Mr. Galli has held a variety of roles at Peabody since 2002. He most recently served as our Group Executive of Sales and Marketing - Australia, and previously served as President of COALSALES, Group Executive for Midwest Operations and Vice President of Sales and Marketing for COALSALES in the Midwestern U.S. Mr. Galli holds a Bachelor of Science in mining engineering from the School of Mines at the University of Missouri (Rolla) (now called the Missouri University of Science and Technology), and serves as a member of its Mining Engineering Foundation Board.

Christopher J. Hagedorn was named our Group Executive of Strategy and Development in March 2014. He has executive responsibility for our Global Development and Strategy Group, which includes global market analytics, strategy, portfolio optimization and business development activities, along with emerging opportunities. He most recently served as our President - Asia and Trading, and previously served as our Senior Vice President Global Sales and Trading Support, Senior Vice President, Chief Procurement Officer, and Vice President - Business Performance. Prior to joining us in August, 2006, he was an Associate Principal at McKinsey & Company in Cleveland, Ohio, where he provided management consulting services on various operations, marketing and business strategy topics to international clients in the energy, metals and mining and chemicals sectors. Mr. Hagedorn holds a Bachelor of Science in chemical engineering from Washington University in St. Louis and a Doctorate in chemical engineering from the University of California - Santa Barbara. He is a member of the Board of Directors of the Sheldon Concert Hall in St. Louis and a member of St. Louis Children's Hospital Board of Trustees.

Charles F. Meintjes was named our President - Australia in October 2012. He has executive responsibility for our Australia operating platform, which includes overseeing the areas of health and safety, operations, sales and marketing, product delivery and support functions. Mr. Meintjes has extensive senior operational, strategy, continuous improvement and information technology experience with mining companies on three continents. He joined us in 2007, and most recently served as Acting President - Americas. Other past positions with us include Group Executive of Midwest and Colorado Operations, Senior Vice President of Operations Improvement and Senior Vice President Engineering and Continuous Improvement. Prior to joining us, Mr. Meintjes served as a consultant to Exxaro Resources Limited in South Africa, and is a former Executive Director and Board Member for Kumba Resources Limited in South Africa. He also served on the boards of two public companies, AST Gijima in South Africa and Ticor Limited in Australia and has senior management experience in the steel and the aluminum industry with Iscor and Alusaf in South Africa. Mr. Meintjes holds dual Bachelor of Commerce degrees in accounting from Rand Afrikaans University and the University of South Africa. He is a Chartered Accountant in South Africa and completed the advanced management program at the University of Pennsylvania's Wharton School of Business.

A. Verona Dorch was named our Executive Vice President, Chief Legal Officer, Governmental Affairs and Corporate Secretary in August 2015. She has executive responsibility for providing comprehensive legal counsel for Peabody business activities and leads the company's global legal compliance and government affairs functions. From July 2006 to March 2015, she served in a variety of roles at Harsco Corporation, a diversified, worldwide industrial services company, most recently serving as its Chief Legal Officer and Chief Compliance Officer. Ms. Dorch also has experience in corporate and securities law from top-tier law firms and with the Sumitomo Chemical Co. Ms. Dorch holds a bachelor's degree from Dartmouth College and a Juris Doctor degree from Harvard Law School.

Andrew P. Slentz was named our Executive Vice President Human Resources and Administration in April 2014. He has executive responsibility for organizational and employee development, benefits, compensation, international human resources, security, travel and facilities management. Mr. Slentz joined us in June 2010 as our Senior Vice President of Global Human Resources. Prior to joining us, he held senior human resource positions in the natural resources and telecommunications industries, including serving as Senior Vice President of Human Resources for People & Organization Support at Rio Tinto, Head of Human Resources for Drummond Company and Vice President of Human Resources, Commercial Development and Shared Services for BHP Billiton. Mr. Slentz holds a bachelor's degree from Hamilton College and a master's degree in industrial and labor relations from Cornell University.

Kemal Williamson was named our President - Americas in October 2012. He has executive responsibility for our U.S. operating platform, which includes overseeing the areas of health and safety, operations, product delivery and support functions. Mr. Williamson has more than 30 years of experience in mining engineering and operations roles across North America and Australia. He most recently served as Group Executive Operations for the Peabody Energy Australia operations. He also has held executive leadership roles across project development, as well as in positions overseeing our Western U.S., Powder River Basin and Midwest operations. Mr. Williamson joined us in 2000 as Director of Land Management. Prior to that, he served for two years at Cyprus Australia Coal Corporation as Director of Operations and managed coal operations in Australia for half a decade. He also has mining engineering, financial analysis and management experience across Colorado, Kentucky and Illinois. Mr. Williamson holds a Bachelor of Science degree in mining engineering from Pennsylvania State University as well as a Master of Business Administration degree from the Kellogg School of Management, Northwestern University in Evanston, Illinois.

Regulatory Matters — U.S.

Federal, state and local authorities regulate the U.S. coal mining industry with respect to matters such as employee health and safety, permitting and licensing requirements, air quality standards, water pollution, plant and wildlife protection, the reclamation and restoration of mining properties after mining has been completed, the discharge of materials into the environment, surface subsidence from underground mining and the effects of mining on groundwater quality and availability. In addition, the industry is affected by significant legislation mandating certain benefits for current and retired coal miners. Numerous federal, state and local governmental permits and approvals are required for mining operations. We believe that we have obtained all permits currently required to conduct our present mining operations.

We endeavor to conduct our mining operations in compliance with all applicable federal, state and local laws and regulations. However, because of extensive and comprehensive regulatory requirements, violations during mining operations occur from time to time in the industry. None of our violations to date or the monetary penalties assessed have been material.

Mine Safety and Health

We are subject to health and safety standards both at the federal and state level. The regulations are comprehensive and affect numerous aspects of mining operations, including training of mine personnel, mining procedures, blasting, the equipment used in mining operations and other matters.

MSHA is the entity responsible for monitoring compliance with the federal mine health and safety standards. MSHA has various enforcement tools that it can use, including the issuance of monetary penalties and orders of withdrawal from a mine or part of a mine. Some, but not all, of the costs of complying with existing regulations and implementing new safety and health regulations may be passed on to customers.

MSHA has taken a number of actions to identify mines with safety issues, and has engaged in a number of targeted enforcement, awareness, outreach and rulemaking activities to reduce the number of mining fatalities, accidents and illnesses. There has also been an industry-wide increase in the monetary penalties assessed for citations of a similar nature.

In Part I, Item 4. "Mine Safety Disclosures" and in Exhibit 95 to this Annual Report on Form 10-K, we provide additional details on how we monitor safety performance and MSHA compliance, as well as provide the mine safety disclosures required by SEC regulations.

Black Lung

Under the Black Lung Benefits Revenue Act of 1977 and the Black Lung Benefits Reform Act of 1977, as amended in 1981, each U.S. coal mine operator must pay federal black lung benefits and medical expenses to claimants who are current and former employees and last worked for the operator after July 1, 1973. Coal mine operators must also make payments to a trust fund for the payment of benefits and medical expenses to claimants who last worked in the coal industry prior to July 1, 1973. Historically, less than 7% of the miners currently seeking federal black lung benefits are awarded these benefits; however, the approval rate has increased following implementation of black lung provisions contained in the Affordable Care Act. The trust fund is funded by an excise tax on U.S. production of up to $1.10 per ton for deep-mined coal and up to $0.55 per ton for surface-mined coal, neither amount to exceed 4.4% of the gross sales price.

Environmental Laws and Regulations

We are subject to various federal, state, local and tribal environmental laws and regulations. These laws and regulations place substantial requirements on our coal mining operations, and require regular inspection and monitoring of our mines and other facilities to ensure compliance. We are also affected by various other federal, state, local and tribal environmental laws and regulations that impact our customers.

Surface Mining Control and Reclamation Act. In the U.S., the Surface Mining Control and Reclamation Act of 1977 (SMCRA), which is administered by the Office of Surface Mining Reclamation and Enforcement (OSM), established mining, environmental protection and reclamation standards for all aspects of U.S. surface mining and many aspects of deep mining. Mine operators must obtain SMCRA permits and permit renewals for mining operations from the OSM. Where state regulatory agencies have adopted federal mining programs under SMCRA, the state becomes the regulatory authority. Except for Arizona, states in which we have active mining operations have achieved primary control of enforcement through federal authorization. In Arizona, we mine on tribal lands and are regulated by the OSM because the tribes do not have SMCRA authorization.

After a permit application is prepared and submitted to the regulatory agency, it goes through a completeness and technical review. Public notice of the proposed permit is given for a comment period before a permit can be issued. Regulatory authorities have considerable discretion in the timing of the permit issuance and the public has the right to comment on and otherwise engage in the permitting process, including public hearings and through intervention in the courts. Before a SMCRA permit is issued, a mine operator must submit a bond or other form of financial security to guarantee the performance of reclamation obligations.

In situations where our coal resources are federally owned, the U.S. Bureau of Land Management oversees a substantive exploration and leasing process. If surface land is managed by the U.S. Forest Service, that agency serves as the cooperating agency during the federal coal leasing process. Federal coal leases also require an approved federal mining permit under the signature of the Assistant Secretary of the Department of the Interior.

The SMCRA Abandoned Mine Land Fund requires a fee on all coal produced in the U.S. The proceeds are used to rehabilitate lands mined and left unreclaimed prior to August 3, 1977 and to pay health care benefit costs of orphan beneficiaries of the Combined Fund created by the Coal Industry Retiree Health Benefit Act of 1992. The fee amount can change periodically. Pursuant to the Tax Relief and Health Care Act of 2006, from October 1, 2007 to September 30, 2012, the fee was $0.315 and $0.135 per ton of surface-mined and underground-mined coal, respectively. From October 1, 2012 through September 30, 2021, the fee is $0.28 and $0.12 per ton of surface-mined and underground-mined coal, respectively.

Clean Air Act (CAA). The CAA, enacted in 1970, and comparable state and tribal laws that regulate air emissions affect our U.S. coal mining operations both directly and indirectly.

Direct impacts on coal mining and processing operations may occur through the CAA permitting requirements and/or emission control requirements relating to particulate matter (PM), sulfur dioxide and ozone. It is possible that modifications to the national ambient air quality standards (NAAQS) could directly impact our mining operations in a manner that includes, but is not limited to, requiring changes in vehicle emissions standards or resulting in newly designated non-attainment areas. Furthermore, the U.S. Environmental Protection Agency (EPA) in 2009 adopted revised rules to add more stringent PM emissions limits for coal preparation and processing plants constructed or modified after April 28, 2008. Since 2011, the EPA has required underground coal mines to report on their greenhouse gas emissions.

The CAA indirectly, but more significantly, affects the U.S. coal industry by extensively regulating the air emissions of sulfur dioxide, nitrogen oxides, mercury, PM and other substances emitted by coal-fueled electricity generating plants. The air emissions programs that may affect our operations, directly or indirectly, include, but are not limited to, the Acid Rain Program, interstate transport rules, New Source Performance Standards (NSPS), Maximum Achievable Control Technology (MACT) emissions limits for Hazardous Air Pollutants, the Regional Haze program and New Source Review. In addition, in recent years the EPA has adopted more stringent NAAQS for PM, nitrogen oxide and sulfur dioxide. In November 2014, the EPA proposed a more stringent NAAQS for ozone. Issuance of the proposed rule complies with a decision of the U.S. District Court for the Northern District of California in April 2014 ordering the EPA to propose a new ozone NAAQS by December 1, 2014 and issue a final rule by October 1, 2015. On October 1, 2015, the EPA issued a final rule setting the ozone standard at 70 parts per billion (ppb). More stringent standards may trigger additional control technology for mining equipment, or result in additional challenges to permitting and expansion efforts. Many of these air emissions programs and regulations, including the 2015 ozone standard, have resulted in litigation which has not been completely resolved.

Proposed NSPS for Fossil Fuel-Fired Electricity Utility Generating Units (EGUs). On April 13, 2012, the EPA published for comment a proposed NSPS for emissions of carbon dioxide for new, modified and reconstructed fossil fuel-fired EGUs (proposed NSPS for new power plants). On September 20, 2013, the EPA revoked its April 13, 2012 proposal and issued a new proposed NSPS for new power plants, using section 111(b) of the CAA. On January 8, 2014, the re-proposal was published in the Federal Register. In the February 26, 2014 Federal Register, the EPA issued a Notice of Data Availability (NODA) and technical support document in support of the proposed NSPS for new power plants. After extensions, the public comment period for the re-proposed NSPS and the NODA closed on May 9, 2014. The EPA released the final rule on August 3, 2015, and published it in the Federal Register on October 23, 2015.

The final rule requires that newly-constructed fossil fuel-fired steam generating units achieve an emission standard for carbon dioxide of 1,400 lb CO2/MWh-gross. The standard is based on the performance of a supercritical pulverized coal boiler implementing partial carbon capture and storage (CCS). Modified and reconstructed fossil fuel fired steam generating units must implement the most efficient generation achievable through a combination of best operating practices and equipment upgrades, to meet an emission standard consistent with best historical performance. Reconstructed units must implement the most efficient generating technology based on the size of the unit (supercritical steam conditions for larger units, to meet a standard of 1,800 lb CO2/MWh-gross, and subcritical conditions for smaller units to meet a standard of 2,000 lb CO2/MWh-gross.).

Numerous legal challenges to the final rule have been filed in the United States Court of Appeals (D.C. Circuit). Sixteen separate petitions for review were filed, and the challengers include 25 states, utilities, mining companies (including Peabody Energy), labor unions, trade organizations and other groups. The cases have been consolidated under the case filed by North Dakota. States and other organizations have intervened on behalf of the EPA. A briefing and argument schedule has not been set by the Court.

Proposed Rules for Regulating Carbon Dioxide Emissions From Existing Fossil Fuel-Fired EGUs. On June 2, 2014, the EPA issued and later formally published for comment proposed rules for regulating carbon dioxide emissions from existing fossil fuel-fired EGUs under section 111(d) of the CAA. On August 3, 2015, the EPA announced the final rule, and published the rule in the Federal Register on October 23, 2015. In the final rule, the EPA is establishing final emission guidelines for states to follow in developing plans to reduce greenhouse gas emissions from existing fossil fuel-fired EGUs. These final guidelines require that the states individually or collectively create systems that would reduce carbon emissions from any EGU located within their borders. Individual states are required to submit their proposed implementation plans to the EPA by September 6, 2016, unless an extension is approved, in which case the states will have until September 6, 2018. The rule sets emission performance rates to be phased in over the period from 2022 through 2030. The rule is intended to reduced carbon dioxide emissions from the 2005 baseline by 28% in 2025 and 32% in 2030.

Legal challenges to the rule began when it was still being proposed. One action by an industry petitioner, joined by intervenors, including us, and another by a coalition of states led by West Virginia, asserted that the EPA does not have the authority to issue the regulations of existing power plants under section 111(d) of the CAA. The D.C. Circuit heard oral arguments on the challenges in April 2015. The petitions to enjoin the proposed rulemaking were denied as premature in June 2015. However, the D.C. Circuit court acknowledged that a legal challenge could be filed after the EPA issued a final rule. In September 2015 the D.C. Circuit Court refused to stay the rule, holding that it could not review the rule until it was published in the Federal Register which is occurred on October 23, 2015.

Since Federal Register publication on October 23, 2015, 39 separate petitions for review by approximately 157 entities have been filed in the U.S. Court of Appeals for the D.C. Circuit challenging the final rule. The petitions reflect challenges by 27 states and governmental entities, as well as challenges by utilities, industry groups, trade associations, coal companies, and other entities. All together, the petitions include legal challenges by over 100 entities. The lawsuits have been consolidated with the case filed by West Virginia and Texas (in which other States have also joined). On October 29, 2015, we filed a motion to intervene in the case filed by West Virginia and Texas, in support of the petitioning States. The motion was granted on January 11, 2016. Numerous states and cities have also been allowed to intervene in support of EPA.

On January 21, 2016, the D.C. Circuit Court denied the state and industry petitioners' motions to stay the implementation of the rule but provided for an expedited schedule for review of the rule, with oral arguments beginning on June 2, 2016. The state and industry petitioners appealed and filed application for state with the United States Supreme Court on January 27, 2016. On February 9, 2016, the Supreme Court overruled the lower court and granted the motion to stay implementation of the rule until its legal challenges are resolved.

EPA's Greenhouse Gas (GHG) Permitting Regulations for Major Emission Sources. In December 2009, the EPA published its finding that atmospheric concentrations of greenhouse gases endanger public health and welfare within the meaning of the CAA, and that emissions of greenhouse gases from new motor vehicles and motor vehicle engines are contributing to air pollution that are endangering public health and welfare within the meaning of the CAA. In May 2010, the EPA published final greenhouse gas emission standards for new motor vehicles pursuant to the CAA. Also in May 2010, the EPA published final rules requiring permitting and control technology requirements for GHGs under the Prevention of Significant Deterioration (PSD) and Title V permitting programs, for major stationary emission sources, as defined by statutory emission thresholds, finding that such rules were necessitated or "triggered" by the EPA's regulation of GHG's from motor vehicles. These rules were upheld by the U.S. Court of Appeals (D.C. Circuit) on June 26, 2012. The U.S. Supreme Court granted certiorari to review the limited question of whether the EPA permissibly determined that its regulation of greenhouse gas emissions from new motor vehicles triggered permitting requirements under the CAA for stationary sources that emit greenhouse gases. On June 23, 2014, the U.S. Supreme Court ruled that EPA could not require PSD and Title V permitting for stationary sources that were not otherwise major sources of conventional pollutants, based solely on their potential GHG emissions. The Court upheld EPA's rule that a major emission source that is subject to the PSD program because of its emission of conventional pollutants must also employ the best available control technology for GHGs that exceed a certain threshold as determined by the EPA. EPA now requires sources that are otherwise "major" sources of conventional pollutants to apply best available control technology for GHG emissions, if those emissions would have the potential to exceed 75,000 tons per year. Individual states may have additional permitting requirements for GHGs.

Cross State Air Pollution Rule (CSAPR). On July 6, 2011, the EPA finalized the CSAPR, which requires the District of Columbia and 27 states from Texas eastward (not including the New England states or Delaware) to significantly improve air quality by reducing power plant emissions that cross state lines and contribute to ozone and/or fine particle pollution in other states. Under the CSAPR, the first phase of the nitrogen oxide and sulfur dioxide emissions reductions was to commence in 2012 with further reductions effective in 2014. In October 2011, the EPA proposed amendments to the CSAPR to increase emission budgets in ten states, including Texas, and ease limits on market-based compliance options. While the CSAPR had an initial compliance deadline of January 1, 2012, the rule was challenged and, on December 30, 2011, the D.C. Circuit stayed the rule and advised that the EPA was expected to continue administering the Clean Air Interstate Rule until the pending challenges are resolved. The court vacated the CSAPR on August 21, 2012, in a two-to-one decision, concluding that the rule was beyond the EPA's statutory authority. The U.S. Supreme Court on April 29, 2014 reversed the D.C. Circuit and upheld the CSAPR, concluding generally that the EPA's development and promulgation of CSAPR was lawful, while acknowledging the possibility that under certain circumstances some states may have a basis to bring a particularized, as-applied challenge to the rule. In October 2014, the D.C. Circuit filed an order lifting its stay of CSAPR and addressing a number of preliminary motions regarding the implementation of the Supreme Court's remand. On remand, the D.C. Circuit court held on July 28, 2015 that certain of EPA's Phase II emission budgets were invalid because they required more emissions reductions than necessary to achieve the desired air pollutant reduction in the relevant downwind states. The court did not vacate the rule but required the EPA to reconsider the invalid emissions budgets as to those states. On November 16, 2015, the EPA proposed the CSAPR Update Rule to address implementation of the 2008 ozone national air quality standards, proposing further reductions in nitrogen oxides to begin in 2017 in 23 states subject to CSAPR.

Mercury and Air Toxic Standards (MATS). On December 16, 2011, the EPA announced the MATS rule and published it in the Federal Register on February 16, 2012. The MATS rulemaking collectively revised the NSPS for nitrogen oxides, sulfur dioxides and particulate matter for new and modified coal-fueled electricity generating plants, and imposed Maximum Achievable Control Technology (MACT) emission limits on hazardous air emissions from new and existing coal-fueled and oil-fueled electric generating plants. The rule provided three years for compliance and a possible fourth year as a state permitting agency may deem necessary. Some utilities have been moving forward with installation of equipment necessary to comply with MATS, and the EPA and states have been granting additional time beyond the 2015 deadline (but no more than one extra year) for facilities that needed more time to upgrade and complete those installations. The D.C. Circuit upheld the NSPS portion of the rulemaking in a unanimous decision on March 11, 2014, and upheld the limits on hazardous air emissions against all challenges on April 15, 2014, in a two-to-one decision. Industry groups and a number of states filed and were granted review of the D.C. Circuit decision in the U.S. Supreme Court. On June 29, 2015 the U.S. Supreme Court held that the EPA interpreted the CAA unreasonably when it deemed cost irrelevant to the decision to regulate power plants. The court reversed the D.C. Circuit Court and remanded the case for further proceedings. On December 1, 2015, in response to the court's decision the EPA published in the Federal Register a proposed supplemental finding that consideration of costs does not alter the EPA's previous determination to implement the MATS rule. On December 15, 2015, the D.C. Circuit Court issued an order providing that the rule will remain in effect while the EPA responds to the U.S. Supreme Court decision.

Stream Protection Rule. On July 27, 2015, the OSM issued its proposed Stream Protection Rule (SPR). The proposed rule would impact both surface and underground mining operations and would increase testing and monitoring requirements related to the quality or quantity of surface water and groundwater or the biological condition of streams. The SPR will also require the collection of increased pre-mining data about the site of the proposed mining operation and adjacent areas to establish a baseline for evaluation of the impacts of mining and the effectiveness of reclamation associated with returning streams to pre-mining conditions. The SPR was issued as a result of the D.C. Circuit Court's decision in 2014 to vacate the then existing Stream Buffer Zone Rule. Peabody along with many other groups and operators have responded with to the proposed rule via the public comment process, which ended October 26, 2015. The final rule is expected in August 2016.

Clean Water Act (CWA). The CWA of 1972 directly impacts U.S. coal mining operations by requiring effluent limitations and treatment standards for wastewater discharge from mines through the National Pollutant Discharge Elimination System (NPDES). Regular monitoring, reporting and performance standards are requirements of NPDES permits that govern the discharge of water from mine-related point sources into receiving waters.

The U.S. Army Corps of Engineers (Corps) regulates certain activities affecting navigable waters and waters of the U.S., including wetlands. Section 404 of the CWA requires mining companies to obtain Corps permits to place material in streams for the purpose of creating slurry ponds, water impoundments, refuse areas, valley fills or other mining activities.

States are empowered to develop and apply "in stream" water quality standards. These standards are subject to change and must be approved by the EPA. Discharges must either meet state water quality standards or be authorized through available regulatory processes such as alternate standards or variances. "In stream" standards vary from state to state. Additionally, through the CWA section 401 certification program, states have approval authority over federal permits or licenses that might result in a discharge to their waters. States consider whether the activity will comply with their water quality standards and other applicable requirements in deciding whether or not to certify the activity.

A draft rule called the Waters of the United States (WOTUS) was proposed by the EPA in June 2014. A preliminary injunction was issued by the U.S. District Court in North Dakota in August 2015 and, on October 9, 2015, the U.S. Court of Appeals for the Sixth Circuit stayed the Clean Water Rule nationwide pending further action of the court. If CWA authority is eventually expanded, it may impact our operations in some areas by way of additional requirements.

National Environmental Policy Act (NEPA). NEPA, signed into law in 1970, requires federal agencies to review the environmental impacts of their decisions and issue either an environmental assessment or an environmental impact statement. We must provide information to agencies when we propose actions that will be under the authority of the federal government. The NEPA process involves public participation and can involve lengthy timeframes.

Resource Conservation and Recovery Act (RCRA). RCRA, which was enacted in 1976, affects U.S. coal mining operations by establishing “cradle to grave” requirements for the treatment, storage and disposal of hazardous wastes. Typically, the only hazardous wastes generated at a mine site are those from products used in vehicles and for machinery maintenance. Coal mine wastes, such as overburden and coal cleaning wastes, are not considered hazardous wastes under RCRA.

Subtitle C of RCRA exempted fossil fuel combustion wastes from hazardous waste regulation until the EPA completed a report to Congress and made a determination on whether the wastes should be regulated as hazardous. On December 19, 2014, the EPA announced the final rule on coal combustion residuals (that is, coal ash). As finalized, the rule continues the exemption of CCR from regulation as a hazardous waste, but does impose new requirements at existing CCR surface impoundments and landfills that will need to be implemented over a number of different time-frames in the coming months and years, as well as at new surface impoundments and landfills. Generally these requirements will increase the cost of CCR management, but not as much as if the rule had regulated CCR as hazardous. This EPA initiative is separate from the OSM CCR rulemaking mentioned above.

Comprehensive Environmental Response, Compensation and Liability Act (CERCLA). Although generally not a prominent environmental law in the coal mining sector, CERCLA, which was enacted in 1980, nonetheless may affect U.S. coal mining operations by creating liability for investigation and remediation in response to releases of hazardous substances into the environment and for damages to natural resources. Under CERCLA, joint and several liabilities may be imposed on waste generators, site owners or operators and others, regardless of fault.

Toxic Release Inventory. Arising out of the passage of the Emergency Planning and Community Right-to-Know Act in 1986 and the Pollution Prevention Act passed in 1990, the EPA's Toxic Release Inventory program requires companies to report the use, manufacture or processing of listed toxic materials that exceed established thresholds, including chemicals used in equipment maintenance, reclamation, water treatment and ash received for mine placement from power generation customers.

Endangered Species Act (ESA). The ESA of 1973 and counterpart state legislation is intended to protect species whose populations allow for categorization as either endangered or threatened. Changes in listings or requirements under these regulations could have a material adverse effect on our costs or our ability to mine some of our properties in accordance with our current mining plans.

Use of Explosives. Our surface mining operations are subject to numerous regulations relating to blasting activities. Pursuant to these regulations, we incur costs to design and implement blast schedules and to conduct pre-blast surveys and blast monitoring. The storage of explosives is subject to strict federal regulatory requirements. The U.S. Bureau of Alcohol, Tobacco and Firearms (ATF) regulates the use of explosive blasting materials. In addition to ATF regulation, the Department of Homeland Security is expected to finalize an ammonium nitrate security program rule. The OSM has also recently initiated a rulemaking addressing nitrous clouds that may be produced during blasting. While such new regulations may result in additional costs related to our surface mining operations, such costs are not expected to have a material adverse effect on our results of operations, financial condition or cash flows.

Regulatory Matters — Australia

The Australian mining industry is regulated by Australian federal, state and local governments with respect to environmental issues such as land reclamation, water quality, air quality, dust control, noise, planning issues (such as approvals to expand existing mines or to develop new mines) and health and safety issues. The Australian federal government retains control over the level of foreign investment and export approvals. Industrial relations are regulated under both federal and state laws. Australian state governments also require coal companies to post deposits or give other security against land which is being used for mining, with those deposits being returned or security released after satisfactory reclamation is completed.

Native Title and Cultural Heritage. Since 1992, the Australian courts have recognized that native title to lands, as recognized under the laws and customs of the Aboriginal inhabitants of Australia, may have survived the process of European settlement. These developments are supported by the Federal Native Title Act which recognizes and protects native title, and under which a national register of native title claims has been established. Native title rights do not extend to minerals; however, native title rights can be affected by the mining process unless those rights have previously been extinguished thereby requiring negotiation with the traditional owners (and potentially the payment of compensation) prior to the grant of certain mining tenements. There is also federal and state legislation to prevent damage to Aboriginal cultural heritage and archaeological sites.

Mining Tenements and Environmental. In Queensland and New South Wales, the development of a mine requires both the grant of a right to extract the resource and an approval which authorizes the environmental impact. These approvals are obtained under separate legislation from separate government authorities. However, the application processes run concurrently and are also concurrent with any native title or cultural heritage process that is required. The environmental impacts of mining projects are regulated by state and federal governments. Federal regulation will only apply if the particular project will significantly impact a matter of national environmental significance (for example, a water resource, an endangered species or particular protected places). Environmental approvals processes involve complex issues that, on occasion, require lengthy studies and documentation. Typically mining proponents must also reach agreement with the owners of land underlying proposed mining tenements prior to the grant and/or conduct of mining activities or otherwise acquire the land. These arrangements generally involve the payment of compensation in lieu of the impacts of mining on the land.

Our Australian mining operations are generally subject to local, state and federal laws and regulations. At the federal level, these legislative acts include, but are not limited to, the Environment Protection and Biodiversity Conservation Act 1999, Native Title Act 1993, Fair Work Act 2009 and the Aboriginal and Torres Strait Islander Heritage Protection Act 1984.

In Queensland, laws and regulations related to mining include, but are not limited to, the Mineral Resources Act 1989, Environmental Protection Act 1994 (EP Act), Environmental Protection Regulation 1998, Sustainable Planning Act 2009, Building Act 1975, Explosives Act 1999, Aboriginal Cultural Heritage Act 2003, Water Act 2000, State Development and Public Works Organisation Act 1971, Queensland Heritage Act 1992, Transport Infrastructure Act 1994, Nature Conservation Act 1992, Vegetation Management Act 1999, Land Protection (Pest and Stock Route Management) Act 2002, Land Act 1994, Regional Planning Interests Act 2014, Fisheries Act 1994 and Forestry Act 1959. Under the EP Act, policies have been developed to achieve the objectives of the law and provide guidance on specific areas of the environment, including air, noise, water and waste management. State planning policies address matters of Queensland State interest, and must be adhered to during mining project approvals. Increased emphasis has recently been placed on topics including, but not limited to, hazardous dams assessment and the protection of strategic cropping land. The Mineral Resources Act 1989 is currently undergoing a thorough review and revision including significant changes to the management of overlapping coal and coal seam gas tenements and the coordination of activities. It is expected these new laws will come into effect in late 2016.

In New South Wales, laws and regulations related to mining include, but are not limited to, the Mining Act 1992, Work Health and Safety (Mines) Act 2013, Mine Subsidence Compensation Act 1961, Environmental Planning and Assessment Act 1979 (EP&A Act), Environmental Planning and Assessment Regulations 2000, Protection of the Environment Operations Act 1997, Contaminated Land Management Act 1997, Explosives Act 2003, Water Management Act 2000, Water Act 1912, Radiation Control Act 1990, Heritage Act 1977, Aboriginal Land Rights Act 1983, Crown Lands Act 1989, Dangerous Goods (Road and Rail Transport) Act 2008, Fisheries Management Act 1994, Forestry Act 1916, Native Title (New South Wales) Act 1994, Native Vegetation Act 2003, Noxious Weeds Act 1993, Roads Act 1993 and National Parks & Wildlife Act 1974. Under the EP&A Act, environmental planning instruments must be considered when approving a mining project development application. There are multiple State Environmental Planning Policies (SEPPs) relevant to coal projects in New South Wales. Amendments to the SEPPs that cover mining have occurred in the past two years and are aimed at protecting agriculture, water resources and critical industry clusters. One SEPP, referred to as the Mining SEPP, was amended in late 2013 to make it mandatory for decision makers to consider the economic significance of coal resources when determining a development application for a mine and to give primacy to that consideration. This amendment was repealed in 2015. However, decision makers still have regard to the significance of a resource and the State and regional economic benefits of a proposed coal mine when considering a development application on the basis that it is an element of the “public interest” head of consideration contained in the legislation.

Occupational Health and Safety. State legislation requires us to provide and maintain a safe workplace by providing safe systems of work, safety equipment and appropriate information, instruction, training and supervision. In recognition of the specialized nature of mining and mining activities, specific occupational health and safety obligations have been mandated under state legislation specific to the coal mining industry. There are some differences in the application and detail of the laws, and mining operators, directors, officers and certain other employees are all subject to the obligations under this legislation.

In light of the recent discovery of six cases of pneumoconiosis in current and former coal mine workers in Queensland, the Department of Natural Resources has commissioned a review of the current coal mine workers' health assessment process to ensure it is effective in the early detection of respirable lung diseases such as pneumoconiosis.

Industrial Relations. A national industrial relations system administered by the federal government applies to all private sector employers and employees. The matters regulated under the national system include employment conditions, unfair dismissal, enterprise bargaining, bullying claims, industrial action and resolution of workplace disputes. Many of the workers employed in our mines are covered by enterprise agreements approved under the national system.

National Greenhouse and Energy Reporting Act 2007 (NGER Act). In 2007, a single, national reporting system relating to greenhouse gas emissions, energy use and energy production was introduced. The NGER Act imposes requirements for corporations meeting a certain threshold to register and report greenhouse gas emissions and abatement actions, as well as energy production and consumption. The Clean Energy Regulator administers the NGER Act. The Department of Environment is responsible for NGER Act-related policy developments and review. Both foreign and local corporations that meet the prescribed carbon dioxide and energy production or consumption limits in Australia (Controlling Corporations) must comply with the NGER Act. One of our subsidiaries is now registered as a Controlling Corporation and must report annually on the greenhouse gas emissions and energy production and consumption of our Australian entities.

On July 1, 2016, amendments to the NGER Act will come into force which implement the Emission Reduction Fund Safeguard Mechanism. From that date, large designated facilities such as coal mines will be issued with a baseline for their covered emissions and must take steps to keep their emissions below the baseline or face penalties.

Queensland Royalty. In September 2012, the State of Queensland announced new royalty rates on coal prices. The royalty change went into effect on October 1, 2012 and raised the royalty payment to the State of Queensland on coal prices over $100 Australian dollars per tonne from 10% to 12.5% for pricing up to $150 Australian dollars per tonne and 15% on pricing over $150 Australian dollars per tonne. There was no change to the 7% rate for coal sold below $100 Australian dollars per tonne. The periodic impact of these royalty rates is dependent upon the volume of tonnes produced at each of our Queensland mining locations and coal prices received for those tonnes. The Queensland Office of State Revenue issues determinations setting out its interpretation of the laws that impose royalties and provide guidance on how royalty rates should be calculated.

New South Wales Royalty. In New South Wales, the royalty applicable to coal is charged as a percentage of the value of production (total revenue less allowable deductions). This is equal to 6.2% for deep underground mines (coal extracted at depths greater than 400 meters below ground surface), 7.2% for underground mines and 8.2% for open-cut mines.

Carbon Pricing Framework. The Australian government's carbon pricing framework commenced on July 1, 2012, with an initial carbon price of $23.00 Australian dollars per tonne of carbon dioxide equivalent emissions, scheduled to rise by 2.5% per year over a three year period and transition to an emissions trading scheme after June 30, 2015. All of our Australian operations were impacted by the fugitive emissions portion of the framework (defined as the methane and carbon dioxide which escapes into the atmosphere when coal is mined and gas is produced). On July 16, 2014, Australia's Senate voted to repeal the legislation, which was retrospectively abolished from July 1, 2014. Net of transition benefits, we recognized no expense related to the carbon pricing framework in 2015 and approximately $25 million and $40 million in 2014 and 2013, respectively. Accordingly, we anticipate a modest improvement in our future operating costs and expenses as a result of the repeal of this legislation.

Global Climate

In the U.S., Congress has considered legislation addressing global climate issues and greenhouse gas emissions, but to date nothing has been enacted. While it is possible that the U.S. will adopt legislation in the future, the timing and specific requirements of any such legislation are uncertain. In the absence of new U.S. federal legislation, the EPA is undertaking steps to regulate greenhouse gas emissions pursuant to the Clean Air Act. In response to the 2007 U.S. Supreme Court ruling in Massachusetts v. EPA, the EPA has commenced several rulemaking projects as described under "Regulatory Matters-U.S. - Environmental Laws and Regulations." In particular, on August 3, 2015, the EPA announced the final rules (which were published in the Federal Register on October 23, 2015) for regulating carbon dioxide emissions from existing and new fossil fuel-fired EGUs. EPA has set emission performance rates for existing plants to be phased in over the period from 2022 through 2030. This rule is intended to reduce carbon dioxide emissions from the 2005 baseline by 28% in 2025 and 32% in 2030. EPA has also set standards applying to new, modified and reconstructed sources beginning in 2015.

A number of states in the U.S. have adopted programs to regulate greenhouse gas emissions. For example, 10 northeastern states (Connecticut, Delaware, Maine, Maryland, Massachusetts, New Hampshire, New Jersey, New York, Rhode Island and Vermont) entered into the Regional Greenhouse Gas Initiative (RGGI) in 2005, which is a mandatory cap-and-trade program to cap regional carbon dioxide emissions from power plants. In 2011, New Jersey announced its withdrawal from RGGI effective January 1, 2012. Six midwestern states (Illinois, Iowa, Kansas, Michigan, Minnesota and Wisconsin) and one Canadian province have entered into the Midwestern Regional Greenhouse Gas Reduction Accord (MGGRA) to establish voluntary regional greenhouse gas reduction targets and develop a voluntary multi-sector cap-and-trade system to help meet the targets. It has been reported that, while the MGGRA has not been formally suspended, the participating states are no longer pursuing it. Seven western states (Arizona, California, Montana, New Mexico, Oregon, Utah and Washington) and four Canadian provinces entered into the Western Climate Initiative (WCI) in 2008 to establish a voluntary regional greenhouse gas reduction goal and develop market-based strategies to achieve emissions reductions. However, in November 2011, the WCI announced that six states had withdrawn from the WCI, leaving California and four Canadian provinces as the remaining members. Of those five jurisdictions, only California and Quebec have adopted greenhouse gas cap-and-trade regulations to date and both programs have begun operating. Many of the states and provinces that left WCI, RGGI and MGGRA, along with many that continue to participate, have joined the new North America 2050 initiative, which seeks to reduce greenhouse gas emissions and create economic opportunities in ways not limited to cap-and-trade programs.

In the U.S., several states have enacted legislation establishing greenhouse gas emissions reduction goals or requirements. In addition, several states have enacted legislation or have in effect regulations requiring electricity suppliers to use renewable energy sources to generate a certain percentage of power or that provide financial incentives to electricity suppliers for using renewable energy sources. Some states have initiated public utility proceedings that may establish values for carbon emissions. In a proceeding before the Minnesota Public Utilities Commission, a decision by an Administrative Law Judge is expected in April 2016 in which she will either recommend acceptance or rejection of (1) the Federal Social Cost of Carbon, (2) a different externality value or (3) maintenance of the current externality value.

We participated in the Department of Energy's Voluntary Reporting of Greenhouse Gases Program until its suspension in May 2011, and regularly disclose in our Corporate and Social Responsibility Report the quantity of emissions per ton of coal produced by us in the U.S. The vast majority of our emissions are generated by the operation of heavy machinery to extract and transport material at our mines and fugitive emissions from the extraction of coal.

In 2013, the U.S. and a number of international development banks, including the World Bank, the European Investment Bank and the European Bank for Reconstruction and Development, announced that they would no longer provide financing for the development of new coal-fueled power plants or would do so only in narrowly defined circumstances. Other international development banks, such as the Asian Development Bank and the Japanese Bank for International Cooperation, have continued to provide such financing.

The Kyoto Protocol, adopted in December 1997 by the signatories to the 1992 United Nations Framework Convention on Climate Change (UNFCCC), established a binding set of greenhouse gas emission targets for developed nations. The U.S. signed the Kyoto Protocol but it has never been ratified by the U.S. Senate. Australia ratified the Kyoto Protocol in December 2007 and became a full member in March 2008. There were discussions to develop a treaty to replace the Kyoto Protocol after the expiration of its commitment period in 2012, including at the UNFCCC conferences in Cancun (2010), Durban (2011), Doha (2012) and Paris (2015). At the Durban conference, an ad hoc working group was established to develop a protocol, another legal instrument or an agreed outcome with legal force under the UNFCCC, applicable to all parties. At the Doha meeting, an amendment to the Kyoto Protocol was adopted, which included new commitments for certain parties in a second commitment period, from 2013 to 2020. In December 2012, Australia signed on to the second commitment period. During the UNFCCC conference in Paris, France in late 2015, an agreement was adopted calling for voluntary emissions reductions contributions after the second commitment period ends in 2020. The agreement will enter into force upon ratification and execution by 55 countries that account for at least 55% of global greenhouse gas emissions.

Australia's Parliament passed carbon pricing legislation in November 2011. The first three years of the program involved the imposition of a carbon tax that commenced in July 2012 and a mandatory greenhouse gas emissions trading program commencing in 2015. On July 16, 2014, Australia's Parliament repealed the legislation, which was retrospectively abolished from July 1, 2014.

Enactment of laws or passage of regulations by the U.S. or some of its states or by other countries regarding emissions from the mining of coal, or other actions to limit such emissions, are not expected to have a material adverse effect on our results of operations, financial condition or cash flows.

Enactment of laws or passage of regulations regarding emissions from the combustion of coal by the U.S., some of its states or other countries, or other actions to limit such emissions, could result in electricity generators switching from coal to other fuel sources. Further, policies limiting available financing for the development of new coal-fueled power stations could adversely impact the global demand for coal in the future. The potential financial impact on us of future laws, regulations or other policies will depend upon the degree to which any such laws or regulations force electricity generators to diminish their reliance on coal as a fuel source. That, in turn, will depend on a number of factors, including the specific requirements imposed by any such laws, regulations or other policies, the time periods over which those laws, regulations or other policies would be phased in, the state of commercial development and deployment of CCS technologies and the alternative markets for coal. From time to time, we attempt to analyze the potential impact on the Company of as-yet-unadopted, potential laws, regulations and policies. Such analyses require that we make significant assumptions as to the specific provisions of such potential laws, regulations and policies. These analyses sometimes show that certain potential laws, regulations and policies, if implemented in the manner assumed by the analyses, could result in material adverse impacts on our operations, financial condition or cash flow, in view of the significant uncertainty surrounding each of these potential laws, regulations and policies. We do not believe that such analyses reasonably predict the quantitative impact that future laws, regulations or other policies may have on our results of operations, financial condition or cash flows.

Available Information

We file or furnish annual, quarterly and current reports (including any exhibits or amendments to those reports), proxy statements and other information with the SEC. These materials are available free of charge through our website (www.peabodyenergy.com) as soon as reasonably practicable after such material is electronically filed with, or furnished to, the SEC. Information included on our website does not constitute part of this document. These materials may also be accessed through the SEC's website (www.sec.gov) or in the SEC's Public Reference Room located at 100 F Street, N.E., Washington, D.C. 20549. Information on the operation of the Public Reference Room may be obtained by calling 1-800-SEC-0330.

In addition, copies of our filings will be made available, free of charge, upon request by telephone at (314) 342-7900 or by mail at: Peabody Energy Corporation, Peabody Plaza, 701 Market Street, St. Louis, Missouri 63101-1826, attention: Investor Relations.

Item 1A. *Risk Factors.*

We operate in a rapidly changing environment that involves a number of risks. The following discussion highlights some of these risks and others are discussed elsewhere in this report. These and other risks could materially and adversely affect our business, financial condition, prospects, operating results or cash flows. The following risk factors are not an exhaustive list of the risks associated with our business. New factors may emerge or changes to these risks could occur that could materially affect our business.

Risks Associated with Our Operations

As a result of operating losses and negative cash flows from operations and our election to exercise a 30-day grace period with respect to certain interest payments, together with other factors, including the possibility that a covenant default or other event of default could cause certain of our indebtedness to become immediately due and payable (after the expiration of any applicable grace period), we may not have sufficient liquidity to sustain operations and to continue as a going concern.

We incurred a substantial loss from operations and had negative cash flows from operating activities for the year ended December 31, 2015. Our current operating plan indicates that we will continue to incur losses from operations and generate negative cash flows from operating activities. These projections and certain liquidity risks raise substantial doubt about whether we will meet our obligations as they become due within one year after the date of issuance of this report. We have also elected to exercise the 30-day grace period with respect to a $21.1 million semi-annual interest payment due March 15, 2016 on the 6.50% Senior Notes due September 2020 and a $50.0 million semi-annual interest payment due March 15, 2016 on the 10.00% Senior Secured Second Lien Notes due March 2022, as provided for in the indentures governing these notes. Failure to pay these interest amounts on March 15, 2016 is not immediately an event of default under the indentures governing these notes, but would become an event of default if the payment is not made within 30 days of such date. As a result of these factors, as well as the continued uncertainty around global coal fundamentals, the stagnated economic growth of certain major coal-importing nations, and the potential for significant additional regulatory requirements imposed on coal producers, among others, there exists substantial doubt whether we will be able to continue as a going concern. In addition, in February 2016, we borrowed approximately $945 million under the 2013 Revolver, the maximum amount available, for general corporate purposes.

The accompanying consolidated financial statements are prepared on a going concern basis and do not include any adjustments that might result from uncertainty about our ability to continue as a going concern, other than the reclassification of certain long-term debt and the related debt issuance costs to current liabilities and current assets, respectively. The report from our independent registered public accounting firm on our consolidated financial statements for the year ended December 31, 2015 includes an uncertainty paragraph that summarizes the salient facts and conditions that raise substantial doubt about our ability to continue as a going concern.

Our 2013 Credit Facility and its related governing documents contain requirements (as more fully described under "Risks Associated with Our Indebtedness" below) that, among other things, require us to comply with certain financial covenants and furnish our audited financial statements as soon as available, but in any event within 90 days after the fiscal year end without a “going concern” uncertainty paragraph in the auditor’s opinion. Our consolidated financial statements for the year ended December 31, 2015 included herein contain a "going concern" uncertainty paragraph. In addition, we currently anticipate that our reported Adjusted EBITDA and other sources of earnings or adjustments used to calculate Consolidated EBITDA (if such other sources of earnings or adjustments do not include the proceeds of certain targeted asset sales) will fall below our Consolidated Net Cash Interest Charges during 2016, and we anticipate we will not comply with our financial covenants as of March 31, 2016. Absent waivers or cures, non-compliance with such covenants would constitute a default under the 2013 Credit Facility. As a result, all indebtedness under the 2013 Credit Facility could be declared immediately due and payable upon the occurrence of an event of default (after the expiration of any applicable grace period). It is possible we could obtain waivers from our lenders; however, the aforementioned projections and certain liquidity risks raise substantial doubt about whether we will meet our obligations as they become due within one year after the date of issuance of this report.

We are currently exploring alternatives for other sources of capital for ongoing liquidity needs and transactions to enhance our ability to comply with the financial covenants under our 2013 Credit Facility. We are working to improve our operating performance and our cash, liquidity and financial position. This includes: pursuing the sale of non-strategic surplus land and coal reserves as well as existing mines, particularly the sale of our El Segundo and Lee Ranch coal mines and related assets located in New Mexico and our Twentymile Mine in Colorado; continuing to drive cost improvements across the company, attempting to negotiate alternative payment terms with creditors; maintaining our current level of self-bonding and/or replacing self-bonding with other financial instruments on reasonable terms; evaluating potential debt buybacks, debt exchanges and new financing to improve our liquidity and reduce our financial obligations; and obtaining waivers of going concern and financial covenant violations under the 2013 Credit Facility. We have engaged financial and other advisors to assist us in those efforts.

However, there can be no assurance that our plan to improve our operating performance and financial position will be successful or that we will be able to obtain additional financing on commercially reasonable terms or at all. As a result, our liquidity and ability to timely pay our obligations when due could be adversely affected. Furthermore, our creditors may resist renegotiation or lengthening of payment and other terms through legal action or otherwise. If we are not able to timely, successfully or efficiently implement the strategies that we are pursuing to improve our operating performance and financial position, obtain alternative sources of capital or otherwise meet our liquidity needs, we may need to voluntarily seek protection under Chapter 11 of the U.S. Bankruptcy Code.

Our profitability depends upon the prices we receive for our coal.

Depressed coal prices have reduced our revenues, and sustained prices at current levels or further declines in coal prices will adversely affect our operating results and financial condition. Further declines in coal prices will adversely affect the value of our coal reserves.

Coal prices are dependent upon factors beyond our control, including:

- the strength of the global economy;
- the demand for electricity;
- the demand for steel, which may lead to price fluctuations in the periodic repricing of our metallurgical coal contracts;
- the global supply and production costs of thermal and metallurgical coal;
- changes in the fuel consumption patterns of electric power generators;
- weather patterns and natural disasters;
- competition within our industry and the availability, quality and price of alternative fuels, including natural gas, fuel oil, nuclear, hydroelectric, wind, biomass and solar power;
- the proximity, capacity and cost of transportation and terminal facilities;
- coal and natural gas industry output and capacity;
- governmental regulations and taxes, including those establishing air emission standards for coal-fueled power plants or mandating or subsidizing increased use of electricity from renewable energy sources;
- regulatory, administrative and judicial decisions, including those affecting future mining permits and leases; and
- technological developments, including those related to alternative energy sources, those intended to convert coal-to-liquids or gas and those aimed at capturing, using and storing carbon dioxide.

Coal prices are currently depressed based on a number of factors, many of which are outside our control. If coal prices decline further, our operating results and profitability and value of our coal reserves could be materially and adversely affected. For example, our revenues decreased during the year ended December 31, 2015, as compared to the prior year by $1,183.0 million, primarily due to lower realized coal pricing and lower sales volumes driven by demand and production factors described in this risk factor.

In the U.S., our strategy is to selectively renew, or enter into new, long-term supply agreements when we can do so at prices we believe are favorable. In Australia, current industry practice, and our typical practice, is to negotiate pricing for metallurgical coal contracts quarterly and seaborne thermal coal contracts annually, with a portion sold on a shorter-term basis.

Thermal coal accounted for the majority of our coal sales during 2015. The majority of our sales of thermal coal were to electric power generators. The demand for coal consumed for electric power generation is affected by many of the factors described above, but primarily by (i) the overall demand for electricity; (ii) the availability, quality and price of competing fuels, such as natural gas, nuclear fuel, oil and alternative energy sources; (iii) increasingly stringent environmental and other governmental regulations; and (iv) the coal inventories of utilities. Gas-fueled generation has the potential to displace coal-fueled generation, particularly from older, less efficient coal-powered generators. Many of the new power plants in the U.S. may be fueled by natural gas because gas-fired plants are viewed as cheaper to construct and permits to construct these plants are easier to obtain as natural gas is seen as having a lower environmental impact than coal-fueled generators. Increasingly stringent regulations have also reduced the number of new power plants being built. These trends have reduced demand for our coal and the related prices. Any further reduction in the amount of coal consumed by electric power generators could reduce the price of coal that we mine and sell.

Lower demand for metallurgical coal by steel producers would reduce our revenues and could further reduce the price of our metallurgical coal. We produce metallurgical coal that is used in the global steel industry. Metallurgical coal accounted for approximately 21.4% and 24.1% of our coal sales revenue in 2015 and 2014, respectively. Any deterioration in conditions in the steel industry, including the demand for steel and the continued financial condition of the industry, would reduce the demand for our metallurgical coal. Lower demand for metallurgical coal in international markets would reduce the amount of metallurgical coal that we sell and the prices that we receive for it, thereby reducing our revenues and adversely impacting our earnings and the value of our coal reserves.

Additionally, we compete with numerous other domestic and foreign coal producers for domestic and international sales. This competition affects domestic and foreign coal prices and our ability to attract and retain customers. Overcapacity and increased production within the coal industry, both domestically and internationally, could materially reduce coal prices and therefore materially reduce our revenues and profitability. In addition to competing with other coal producers, we compete generally with producers of other fuels, such as natural gas. Further declines in the price of natural gas, or continued low natural gas prices, could cause demand for coal to decrease and adversely affect the price of coal. Sustained periods of low natural gas prices or other fuels may also cause utilities to phase out or close existing coal-fired power plants or reduce construction of new coal-fired power plants, which could have a material adverse effect on demand and prices for our coal, thereby reducing our revenues and materially and adversely affecting our business and results of operations.

If a substantial number of our long-term coal supply agreements terminate, our revenues and operating profits could suffer if we are unable to find alternate buyers willing to purchase our coal on comparable terms to those in our contracts.

Most of our sales are made under coal supply agreements, which are important to the stability and profitability of our operations. The execution of a satisfactory coal supply agreement is frequently the basis on which we undertake the development of coal reserves required to be supplied under the contract, particularly in the U.S.

Many of our coal supply agreements contain provisions that permit the parties to adjust the contract price upward or downward at specified times. We may adjust these contract prices based on inflation or deflation and/or changes in the factors affecting the cost of producing coal, such as taxes, fees, royalties and changes in the laws regulating the mining, production, sale or use of coal. In a limited number of contracts, failure of the parties to agree on a price under those provisions may allow either party to terminate the contract. We sometimes experience a reduction in coal prices in new long-term coal supply agreements replacing some of our expiring contracts. Coal supply agreements also typically contain force majeure provisions allowing temporary suspension of performance by us or the customer during the duration of specified events beyond the control of the affected party. Most of our coal supply agreements contain provisions requiring us to deliver coal meeting quality thresholds for certain characteristics such as Btu, sulfur content, ash content, grindability and ash fusion temperature. Failure to meet these specifications could result in economic penalties, including price adjustments, the rejection of deliveries or termination of the contracts. Moreover, some of these agreements allow our customers to terminate their contracts in the event of changes in regulations affecting our industry that restrict the use or type of coal permissible at the customer's plant or increase the price of coal beyond specified limits.

The operating profits we realize from coal sold under supply agreements depend on a variety of factors. In addition, price adjustment and other provisions may increase our exposure to short-term coal price volatility provided by those contracts. If a substantial portion of our coal supply agreements were modified or terminated, we could be materially adversely affected to the extent that we are unable to find alternate buyers for our coal at the same level of profitability. Market prices for coal vary by mining region and country. As a result, we cannot predict the future strength of the coal market overall or by mining region and cannot provide assurance that we will be able to replace existing long-term coal supply agreements at the same prices or with similar profit margins when they expire.

The loss of, or significant reduction in, purchases by our largest customers could adversely affect our revenues.

For the year ended December 31, 2015, we derived 26% of our total revenues from our five largest customers, similar to the prior year. Those five customers were supplied primarily from 31 coal supply agreements (excluding trading transactions) expiring at various times from 2016 to 2026. The contract contributing the greatest amount of annual revenue in 2015 was approximately $285 million, or approximately 5% of our 2015 total revenue base. We are currently discussing the extension of existing agreements or entering into new long-term agreements with some of these customers, but these negotiations may not be successful and those customers may not continue to purchase coal from us under long-term coal supply agreements. If a number of these customers significantly reduce their purchases of coal from us, or if we are unable to sell coal to them on terms as favorable to us as the terms under our current agreements, our financial condition and results of operations could suffer materially. In addition, our revenue could be adversely affected by a decline in customer purchases (including contractually obligated purchases) due to lack of demand and oversupply, cost of competing fuels and environmental and other governmental regulations.

Our trading and hedging activities may expose us to earnings volatility and other risks.

We enter into hedging arrangements designed primarily to manage market price volatility of foreign currency (primarily the Australian dollar), diesel fuel and coal. Also, from time to time, we manage the interest rate risk associated with our variable and fixed rate borrowings and commodity price risk associated with explosives using swaps. Generally, we attempt to designate hedging arrangements as cash flow hedges with gains or losses recorded as a separate component of stockholders' equity until the hedged transaction occurs (or until hedge ineffectiveness is determined). While we utilize a variety of risk monitoring and mitigation strategies, those strategies require judgment and they cannot anticipate every potential outcome or the timing of such outcomes. As such, there is potential for these hedges to no longer qualify for hedge accounting, which occurred at December 31, 2015. As such, beginning January 1, 2016, we will be required to recognize the mark-to-market movements through current year earnings, possibly resulting in increased volatility in our income in future periods. In addition, to the extent that we engage in hedging activities, we may be prevented from realizing the benefits of future price changes of foreign currency, diesel fuel and coal.

We also enter into derivative trading instruments, some of which require us to post margin based on the value of those instruments and other credit factors. If our credit is downgraded, the fair value of our hedge portfolio moves significantly, or laws or regulations are passed requiring all hedge arrangements to be exchange-traded or exchange-cleared, we could be required to post additional margin, which could impact our liquidity.

Through our trading and hedging activities, we are also exposed to the nonperformance and credit risk with various counterparties, including exchanges and other financial intermediaries. Should the counterparties to these arrangements fail to perform, we may be forced to enter into alternative arrangements, which could negatively impact our profitability and/or liquidity. In addition, some of our trading and brokerage activities include an increasing number of exchange-settled transactions, which expose us to the margin requirements of the exchange for daily changes in the value of our positions. If there are significant and extended unfavorable price movements against our positions, or if there are future regulations that impose new margin requirements, position limits and capital charges, even if not directly applicable to us, our liquidity could be impacted.

Our operating results could be adversely affected by unfavorable economic and financial market conditions.

In recent years, the global economic recession and the worldwide financial and credit market disruptions had a negative impact on us and on the coal industry generally. If any of these conditions return, if coal prices continue at or below levels experienced in 2015 for a prolonged period or if there are further downturns in economic conditions, particularly in developing countries such as China and India, our business, financial condition or results of operations could be adversely affected. While we are focused on cost control, productivity improvements, increased contributions from our higher-margin operations and capital discipline, there can be no assurance that these actions, or any others we may take, will be sufficient in response to challenging economic and financial conditions.

Our ability to collect payments from our customers could be impaired if their creditworthiness or contractual performance deteriorates.

Our ability to receive payment for coal sold and delivered or for financially settled contracts depends on the continued creditworthiness and contractual performance of our customers and counterparties. Our customer base has changed with deregulation in the U.S. as utilities have sold their power plants to their non-regulated affiliates or third parties. These new customers may have credit ratings that are below investment grade or are not rated. If deterioration of the creditworthiness of our customers occurs or they fail to perform the terms of their contracts with us, our accounts receivable securitization program and our business could be adversely affected.

Risks inherent to mining could increase the cost of operating our business.

Our mining operations are subject to conditions that can impact the safety of our workforce, or delay coal deliveries or increase the cost of mining at particular mines for varying lengths of time. These conditions include fires and explosions from methane gas or coal dust; accidental mine water discharges; weather, flooding and natural disasters; unexpected maintenance problems; unforeseen delays in implementation of mining technologies that are new to our operations; key equipment failures; variations in coal seam thickness; variations in coal quality; variations in the amount of rock and soil overlying the coal deposit; variations in rock and other natural materials and variations in geologic conditions. We maintain insurance policies that provide limited coverage for some of these risks, although there can be no assurance that these risks would be fully covered by our insurance policies. Despite our efforts, such conditions could occur and have a substantial impact on our results of operations, financial condition or cash flows.

If transportation for our coal becomes unavailable or uneconomic for our customers, our ability to sell coal could suffer.

Transportation costs represent a significant portion of the total cost of coal use and the cost of transportation is a critical factor in a customer's purchasing decision. Increases in transportation costs and the lack of sufficient rail and port capacity could lead to reduced coal sales.

We depend upon rail, barge, trucking, overland conveyor and ocean-going vessels to deliver coal to our customers. While our coal customers typically arrange and pay for transportation of coal from the mine or port to the point of use, disruption of these transportation services because of weather-related problems, infrastructure damage, strikes, lock-outs, lack of fuel or maintenance items, underperformance of the port and rail infrastructure, congestion and balancing systems which are imposed to manage vessel queuing and demurrage, non-performance or delays by co-shippers, transportation delays or other events could temporarily impair our ability to supply coal to our customers and thus could adversely affect our results of operations.

A decrease in the availability or increase in costs of key supplies, capital equipment or commodities such as diesel fuel, steel, explosives and tires could decrease our anticipated profitability.

Our mining operations require a reliable supply of mining equipment, replacement parts, fuel, explosives, tires, steel-related products (including roof control materials), lubricants and electricity. There has been some consolidation in the supplier base providing mining materials to the coal industry, such as with suppliers of explosives in the U.S. and both surface and underground equipment globally, that has limited the number of sources for these materials. In situations where we have chosen to concentrate a large portion of purchases with one supplier, it has been to take advantage of cost savings from larger volumes of purchases and to ensure security of supply. If the cost of any of these inputs increased significantly, or if a source for these supplies or mining equipment were unavailable to meet our replacement demands, our profitability could be reduced or we could experience a delay or halt in our production.

Take-or-pay arrangements within the coal industry could unfavorably affect our profitability.

We have substantial take-or-pay arrangements, predominately in Australia, totaling $2.2 billion, with terms ranging up to 27 years, that commit us to pay a minimum amount for rail and port commitments for the delivery of coal even if those commitments go unused. The take-or-pay provisions in these contracts allow us to subsequently apply take-or-pay payments made to deliveries subsequently taken, but these provisions have limitations and we may not be able to utilize all such amounts paid if the limitations apply or if we do not subsequently take sufficient volumes to utilize the amounts previously paid. Additionally, coal companies, including us, may continue to deliver coal during times when it might otherwise be optimal to suspend operations because these take-or-pay provisions effectively convert a variable cost of selling coal to a fixed operating cost.

An inability of trading, brokerage, mining or freight counterparties to fulfill the terms of their contracts with us could reduce our profitability.

In conducting our trading, brokerage and mining operations, we utilize third-party sources of coal production and transportation, including contract miners and brokerage sources, to fulfill deliveries under our coal supply agreements. While we have completed several conversions to owner-operator status at certain of our Australian operations, a portion of our sales volume continues to come from mines that utilize contract miners. Employee relations at mines that use contract miners are the responsibility of the contractor.

Our profitability or exposure to loss on transactions or relationships is dependent upon the reliability (including financial viability) and price of the third-party suppliers; our obligation to supply coal to customers in the event that weather, flooding, natural disasters or adverse geologic mining conditions restrict deliveries from our suppliers; our willingness to participate in temporary cost increases experienced by our third-party coal suppliers; our ability to pass on temporary cost increases to our customers; the ability to substitute, when economical, third-party coal sources with internal production or coal purchased in the market and the ability of our freight sources to fulfill their delivery obligations. Market volatility and price increases for coal or freight on the international and domestic markets could result in non-performance by third-party suppliers under existing contracts with us, in order to take advantage of the higher prices in the current market. Such non-performance could have an adverse impact on our ability to fulfill deliveries under our coal supply agreements.

We may not recover our investments in our mining, exploration and other assets, which may require us to recognize impairment charges related to those assets.

The value of our assets may be adversely affected by numerous uncertain factors, some of which are beyond our control, including unfavorable changes in the economic environments in which we operate, lower-than-expected coal pricing, technical and geological operating difficulties, an inability to economically extract our coal reserves and unanticipated increases in operating costs. These may cause us to fail to recover all or a portion of our investments in those assets and may trigger the recognition of impairment charges in the future, which could have a substantial impact on our results of operations.

As described in Note 2. "Asset Impairment" to the accompanying consolidated financial statements, we recognized aggregate asset impairment and mine closure costs of $1,277.8 million, $154.4 million and $528.3 million in 2015, 2014 and 2013, respectively. Because of the volatile and cyclical nature of U.S. and international coal markets, it is reasonably possible that our current estimates of projected future cash flows from our mining assets may change in the near term, which may result in the need for further adjustments to the carrying value of those assets or adjustments to assets not previously impaired.

Our ability to operate our company effectively could be impaired if we lose key personnel or fail to attract qualified personnel.

We manage our business with a number of key personnel, the loss of whom could have a material adverse effect on us, absent the completion of an orderly transition. In addition, we believe that our future success will depend greatly on our continued ability to attract and retain highly skilled and qualified personnel, particularly personnel with mining experience. We cannot provide assurance that key personnel will continue to be employed by us or that we will be able to attract and retain qualified personnel in the future. Failure to retain or attract key personnel could have a material adverse effect on us.

We could be negatively affected if we fail to maintain satisfactory labor relations.

As of December 31, 2015, we had approximately 7,600 employees (excluding employees that were employed at operations classified as discontinued), which included approximately 5,700 hourly employees. Approximately 37% of our hourly employees were represented by organized labor unions and generated 20% of 2015 coal production. Additionally, those employed through contract mining relationships in Australia are also members of trade unions. Relations with our employees and, where applicable, organized labor are important to our success. If some or all of our current non-union operations were to become unionized, we could incur an increased risk of work stoppages, reduced productivity and higher labor costs. Also, if we fail to maintain good relations with our union workforce, we could experience labor disputes, work stoppages or other disruptions in production that could negatively impact our profitability.

Our mining operations could be adversely affected if we fail to appropriately secure our obligations.

U.S. federal and state laws and Australian laws require us to secure certain of our obligations to reclaim lands used for mining, to pay federal and state workers' compensation, to secure coal lease obligations and to satisfy other miscellaneous obligations. The primary methods we use to meet those obligations are to post a corporate guarantee (i.e., self bond), provide a third-party surety bond or provide a letter of credit. As of December 31, 2015, we had $1,430.8 million of self bonding in place for our reclamation obligations. As of December 31, 2015, we also had outstanding surety bonds with third parties, bank guarantees and letters of credit of $1,045.7 million, of which $592.3 million was for post-mining reclamation, $75.0 million related to workers' compensation obligations, $110.5 million was for coal lease obligations and $267.9 million was for other obligations, including road maintenance and performance guarantees. During 2015, we were required to increase our total posted letters of credit by $429.2 million to the issuing parties of certain of our surety bonds and bank guarantees, whereas we had not previously been required to do so. Surety bonds are typically renewable on a yearly basis. Surety bond issuers may not continue to renew the bonds or may demand additional collateral upon those renewals, which may in turn affect our available liquidity. Our ability to maintain and acquire letters of credit is subject to us maintaining compliance under our two primary facilities used for such items, which are our 2013 Credit Facility and our accounts receivable securitization program.

Our failure to retain, or inability to acquire, surety bonds, bank guarantees or letters of credit, or to provide a suitable alternative, would have a material adverse effect on us. That failure could result from a variety of factors including the following:

- lack of availability, higher expense or unfavorable market terms of new surety bonds;
- restrictions on the availability of collateral for current and future third-party surety bond issuers under the terms of our indentures or our 2013 Credit Facility;
- the exercise by third-party surety bond issuers of their right to refuse to renew the surety; and
- the inability to renew our 2013 Credit Facility or our accounts receivable securitization program or a default or lack of availability of letters of credit thereunder.

Our ability to self-bond reduces our costs of providing financial assurances. To the extent we are unable to maintain our current level of self-bonding due to legislative or regulatory changes, changes in our financial condition or for any other reason, we would be required to obtain replacement financial assurances. Further, self-bonding is permitted at the discretion of each state. While we have historically demonstrated compliance with the applicable financial requirements in the states in which we self-bond, our self-bonding status may be challenged or withdrawn at any time. The OSM has recently issued notices to one or more states alleging possible violations relating to the continued self-bonding by coal companies, including us, in that state. The notices require the violation to be corrected or for the state to explain why a violation does not exist. As a result of any adverse change in our ability to self-bond, our costs would increase and our liquidity available for other uses would be reduced to the extent of any collateral required to obtain replacement financial assurances.

Our mining operations are extensively regulated, which impose significant costs on us, and future regulations and developments could increase those costs or limit our ability to produce coal.

The coal mining industry is subject to regulation by federal, state and local authorities with respect to matters such as:

- employee health and safety;
- limitations on land use;
- mine permitting and licensing requirements;
- reclamation and restoration of mining properties after mining is completed;
- the storage, treatment and disposal of wastes;
- remediation of contaminated soil and groundwater;
- air quality standards;
- water pollution;
- protection of human health, plant-life and wildlife, including endangered or threatened species;
- protection of wetlands;
- the discharge of materials into the environment; and
- the effects of mining on surface water and groundwater quality and availability.

Regulatory agencies have the authority under certain circumstances following significant health and safety incidents to order a mine to be temporarily or permanently closed. In the event that such agencies ordered the closing of one of our mines, our production and sale of coal would be disrupted and we may be required to incur cash outlays to re-open the mine. Any of these actions could have a material adverse effect on our financial condition, results of operations and cash flows.

The possibility exists that new legislation or regulations and orders, including without limitation related to the environment or employee health and safety may be adopted and may materially adversely affect our mining operations, our cost structure or our customers' ability to use coal. New legislation or administrative regulations (or new interpretations by the relevant government of existing laws and regulations), including proposals related to the protection of the environment or the reduction of greenhouse gas emissions that would further regulate and tax the coal industry, may also require us or our customers to change operations significantly or incur increased costs. Some of our coal supply agreements contain provisions that allow a purchaser to terminate its contract if legislation is passed that either restricts the use or type of coal permissible at the purchaser's plant or results in specified increases in the cost of coal or its use. These factors and legislation, if enacted, could have a material adverse effect on our financial condition and results of operations.

For additional information, see the sections entitled "Regulatory Matters-U.S." and "Regulatory Matters-Australia" for more information about the various regulations affecting us.

Our operations may impact the environment or cause exposure to hazardous substances, and our properties may have environmental contamination, which could result in material liabilities to us.

Our operations currently use hazardous materials and generate limited quantities of hazardous wastes from time to time. A number of laws, including in the U.S., CERCLA and the Resource Conservation and Recovery Act (RCRA), impose liability relating to contamination by hazardous substances. Such liability may involve the costs of investigating or remediating contamination and damages to natural resources, as well as claims seeking to recover for property damage or personal injury caused by hazardous substances. Such liability may arise from conditions at formerly, as well as currently, owned or operated properties, and at properties to which hazardous substances have been sent for treatment, disposal or other handling. Liability under RCRA, CERCLA and similar state statutes is without regard to fault, and typically is joint and several, meaning that a person may be held responsible for more than its share, or even all, of the liability involved.

In addition, we have accrued for liability arising out of contamination associated with Gold Fields Mining, LLC (Gold Fields), a dormant, non-coal-producing subsidiary of ours that was previously managed and owned by Hanson PLC, or with Gold Fields' former affiliates. Hanson PLC, which is a predecessor owner of ours, transferred ownership of Gold Fields to us in the February 1997 spin-off of its energy business. Gold Fields is currently a defendant in several lawsuits and has received notices of several other potential claims arising out of lead contamination from mining and milling operations. Gold Fields is also involved in investigating or remediating a number of other contaminated sites. See Note 24. "Commitments and Contingencies" to our consolidated financial statements for a description of pending legal proceedings involving Gold Fields.

We may be unable to obtain and renew permits necessary for our operations, which would reduce our production, cash flows and profitability.

Numerous governmental and tribal permits and approvals are required for mining operations. The permitting rules, and the interpretations of these rules, are complex and are often subject to discretionary interpretations by regulators, all of which may make compliance more difficult or impractical. As part of this process, we are required to prepare and present to governmental authorities data pertaining to the effect that any proposed exploration for or production of coal may have upon the environment. The public, including non-governmental organizations, opposition groups and individuals, have statutory rights to comment upon and submit objections to requested permits and approvals. In recent years, the permitting required for coal mining has been the subject of increasingly stringent regulatory and administrative requirements and extensive litigation by environmental groups.

The costs, liabilities and requirements associated with these regulations and opposition may be costly and time-consuming and may delay commencement or continuation of exploration or production and as a result, adversely affect our coal production, cash flows and profitability. Further, required permits may not be issued or renewed in a timely fashion or at all, or permits issued or renewed may be conditioned in a manner that may restrict our ability to efficiently and economically conduct our mining activities, any of which would materially reduce our production, cash flow and profitability.

The U.S. Army Corps of Engineers (Corps) regulates certain activities affecting navigable waters and waters of the U.S., including wetlands. Section 404 of the Clean Water Act (CWA) requires mining companies like us to obtain Corps permits to place material in streams for the purpose of creating slurry ponds, water impoundments, refuse areas, valley fills or other mining activities. In recent years, the Section 404 permitting process has been subject to increasingly stringent regulatory and administrative requirements and a series of court challenges, which have resulted in increased costs and delays in the permitting process. Additionally, increasingly stringent requirements governing coal mining also are being considered or implemented under the Surface Mining Control and Reclamation Act, the National Pollution Discharge Elimination System permit process and various other environmental programs. Potential laws, regulations and policies could result in material adverse impacts on our operations, financial condition or cash flow, in view of the significant uncertainty surrounding each of these potential laws, regulations and policies.

Our mining operations are subject to extensive forms of taxation, which imposes significant costs on us, and future regulations and developments could increase those costs or limit our ability to produce coal competitively.

Federal, state, provincial or local governmental authorities in nearly all countries across the global coal mining industry impose various forms of taxation, including production taxes, sales-related taxes, royalties, environmental taxes, mining profits taxes and income taxes. If new legislation or regulations related to various forms of coal taxation, which increase our costs or limit our ability to compete in the areas in which we sell our coal, are adopted, our business, financial condition or results of operations could be adversely affected.

If the assumptions underlying our asset retirement obligations for reclamation and mine closures are materially inaccurate, our costs could be significantly greater than anticipated.

Our asset retirement obligations primarily consist of spending estimates for surface land reclamation and support facilities at both surface and underground mines in accordance with federal and state reclamation laws in the U.S. and Australia as defined by each mining permit. These obligations are determined for each mine using various estimates and assumptions including, among other items, estimates of disturbed acreage as determined from engineering data, estimates of future costs to reclaim the disturbed acreage and the timing of these cash flows, which is driven by the estimated economic life of the mine and the applicable reclamation laws. These cash flows are discounted using a credit-adjusted, risk-free rate. Our management and engineers periodically review these estimates. If our assumptions do not materialize as expected, actual cash expenditures and costs that we incur could be materially different than currently estimated. Moreover, regulatory changes could increase our obligation to perform reclamation, mine closing and post-closure activities. The resulting estimated asset retirement obligation could change significantly if actual amounts change significantly from our assumptions, which could have a material adverse effect on our results of operations and financial condition.

Our future success depends upon our ability to continue acquiring and developing coal reserves that are economically recoverable.

Our recoverable reserves decline as we produce coal. We have not yet applied for the permits required or developed the mines necessary to use all of our reserves. Moreover, the amount of proven and probable coal reserves described in Part I, Item 2. “Properties” involved the use of certain estimates and those estimates could be inaccurate. Information about our reserves consists of estimates based on engineering, economic and geological data assembled and analyzed by our staff. Some of the factors and assumptions which impact economically recoverable coal reserve estimates include geological conditions, historical production from the area compared with production from other producing areas, the assumed effects of regulations and taxes by governmental agencies and assumptions governing future prices and future operating costs. Actual production, revenues and expenditures with respect to our coal reserves may vary materially from estimates.

Our future success depends upon our conducting successful exploration and development activities or acquiring properties containing economically recoverable reserves. Our current strategy includes increasing our reserves through acquisitions of government and other leases and producing properties and continuing to use our existing properties and infrastructure. In certain locations, leases for oil, natural gas and coalbed methane reserves are located on, or adjacent to, some of our reserves, potentially creating conflicting interests between us and lessees of those interests. Other lessees’ rights relating to these mineral interests could prevent, delay or increase the cost of developing our coal reserves. These lessees may also seek damages from us based on claims that our coal mining operations impair their interests. Additionally, the U.S. federal government limits the amount of federal land that may be leased by any company to 75,000 acres in any one state and 150,000 acres nationwide. As of December 31, 2015, we leased a total of 69,145 acres from the federal government subject to those limitations. On January 15, 2016, the Interior Department announced that it will perform a review of the federal coal leasing program. The Secretary of the Interior Sally Jewell ordered a pause on issuing new coal leases which the Interior Department expects to continue for three years. If this limitation were to continue significantly beyond three years, it could restrict our ability to lease additional U.S. federal lands and coal reserves critical to our Western U.S mining and Powder River Basin mining segments.

Our planned mine development projects and acquisition activities may not result in significant additional reserves, and we may not have success developing additional mines. Most of our mining operations are conducted on properties owned or leased by us. Because we do not thoroughly verify title to most of our leased properties and mineral rights until we obtain a permit to mine the property, our right to mine some of our reserves may be materially adversely affected if defects in title or boundaries exist. In order to conduct our mining operations on properties where these defects exist, we may incur unanticipated costs. In addition, in order to develop our reserves, we must also own the rights to the related surface property and receive various governmental permits. We cannot predict whether we will continue to receive the permits or appropriate land access necessary for us to operate profitably in the future. We may not be able to negotiate new leases from the government or from private parties, obtain mining contracts for properties containing additional reserves or maintain our leasehold interest in properties on which mining operations have not commenced or have not met minimum quantity or product royalty requirements. From time to time, we have experienced litigation with lessors of our coal properties and with royalty holders. In addition, from time to time, our permit applications have been challenged, causing production delays.

To the extent that our existing sources of liquidity are not sufficient to fund our planned mine development projects and reserve acquisition activities, we may require access to capital markets, which may not be available to us or, if available, may not be available on satisfactory terms. If we are unable to fund these activities, we may not be able to maintain or increase our existing production rates and we could be forced to change our business strategy, which could have a material adverse effect on our financial condition, results of operations and cash flows.

Our global operations increase our exposure to risks unique to international mining and trading operations.

Our international platform increases our exposure to country risks and the effects of changes in currency exchange rates. Some of our international activities are in developing countries where the economic strength, business practices and counterparty reputations may not be as well developed as in our U.S. or Australian operations. We are exposed to various political risks, including political instability, the potential for expropriation of assets, costs associated with the repatriation of earnings and the potential for unexpected changes in regulatory requirements. Despite our efforts to mitigate these risks, our results of operations, financial position or cash flow could be adversely affected by these activities.

Joint ventures, partnerships or non-managed operations may not be successful and may not comply with our operating standards.

We participate in several joint venture and partnership arrangements and may enter into others, all of which necessarily involve risk. Whether or not we hold majority interests or maintain operational control in our joint ventures, our partners may, among other things, (1) have economic or business interests or goals that are inconsistent with, or opposed to, ours; (2) seek to block actions that we believe are in our or the joint venture's best interests or (3) be unable or unwilling to fulfill their obligations under the joint venture or other agreements, such as contributing capital, each of which may adversely impact our results of operations and our liquidity or impair our ability to recover our investments.

Where our joint ventures are jointly controlled or not managed by us, we may provide expertise and advice but have limited control over compliance with our operational standards. We also utilize contractors across our mining platform, and may be similarly limited in our ability to control their operational practices. Failure by non-controlled joint venture partners or contractors to adhere to operational standards that are equivalent to ours could unfavorably affect operating costs and productivity and adversely impact our results of operations and reputation.

As a result of our continuing efforts to reduce costs and optimize our organizational structure, we may undertake further restructuring plans that would require additional charges.

In 2015, we expanded our repositioning efforts to include voluntary and involuntary workforce reductions and office closures and initiated plans to consolidate certain shared services globally, and correspondingly incurred $23.5 million in aggregate charges during that period. As a result of our continuing review of our business, we may choose to further reduce our workforce and close additional offices in the future, which may result in further restructuring charges and cash expenditures and the consumption of management resources, any of which could cause our operating results to decline and may fail to yield the expected benefits.

We could be exposed to significant liability, reputational harm, loss of revenue, increased costs or other risks if we sustain cyber attacks or other security breaches that disrupt our operations or result in the dissemination of proprietary or confidential information about us, our customers or other third-parties.

We have implemented security protocols and systems with the intent of maintaining the physical security of our operations and protecting our and our counterparties' confidential information and information related to identifiable individuals against unauthorized access. Despite such efforts, we may be subject to security breaches which could result in unauthorized access to our facilities or the information we are trying to protect. Unauthorized physical access to one of our facilities or electronic access to our information systems could result in, among other things, unfavorable publicity, litigation by affected parties, damage to sources of competitive advantage, disruptions to our operations, loss of customers, financial obligations for damages related to the theft or misuse of such information and costs to remediate such security vulnerabilities, any of which could have a substantial impact on our results of operations, financial condition or cash flows.

Risks Associated with Our Indebtedness

Our financial performance could be adversely affected by our substantial indebtedness.

As of December 31, 2015, our total indebtedness was $6.3 billion, and we had $940.0 million of maximum borrowing capacity under the 2013 Revolver portion of our 2013 Credit Facility, net of outstanding letters of credit. Our 2013 Credit Facility and our Senior Secured Second Lien Notes contain covenants limiting the amount of indebtedness we may incur, however, the indentures governing our Convertible Junior Subordinated Debentures (the Debentures) and the 7.875%, 6.50%, 6.25% and 6.00% Senior Notes (collectively our Senior Notes) do not limit the amount of indebtedness that we may issue. The addition of new debt to our current debt levels could increase the related risks that we now face. Our substantial indebtedness could have important consequences, including, but not limited to:

- increasing the costs of borrowing under our existing credit facilities or newly issued debt obligations;
- making it more difficult for us to satisfy the financial covenants in our 2013 Revolver;
- increasing our vulnerability to general adverse economic and industry conditions;
- requiring the dedication of a substantial portion of our cash flow from operations to the payment of principal and interest on our indebtedness, thereby reducing the availability of our cash flow to fund working capital, capital expenditures, business development or other general corporate requirements;
- limiting our ability to obtain additional financing to fund future working capital, capital expenditures, business development or other general corporate requirements;
- limiting our ability to refinance our indebtedness when it becomes due;
- making it more difficult to obtain bank guarantees, surety bonds, letters of credit or other financing, particularly during periods in which credit markets are weak;
- limiting our flexibility in planning for, or reacting to, changes in our business and in the coal industry;
- demands by contract counterparties for adequate assurances or the refusal of third parties to contract with us could impact performance and reduce liquidity;
- requiring us to provide credit support, or additional credit support, for our current obligations and future obligations which we may seek to incur;
- causing a decline in our credit ratings; and
- placing us at a competitive disadvantage compared to less leveraged competitors.

In addition, our debt agreements subject us to financial and other restrictive covenants. Failure by us to comply with these covenants could result in an event of default that, if not cured or waived, could have a material adverse effect on us and result in amounts outstanding thereunder to be immediately due and payable, which could also result in a cross-default or cross-acceleration of our other indebtedness. As noted above, our current operating plan indicates that we will incur a loss from operations, generate negative cash flows and, unless we achieve certain targeted asset sales, violate certain financial and restrictive covenants. The inclusion of a "going concern" explanatory paragraph in the auditor's opinion covering our audited financial statements contained herein, absent a waiver or cure, would constitute a default under the 2013 Credit Facility after the expiration of any applicable grace period.

Previous downgrades in our credit ratings have resulted in us posting additional collateral with respect to derivative trading instruments and certain agreements with our customers. Any future downgrade in our credit ratings could result in additional requirements to post collateral on derivative trading instruments and certain agreements with our customers, the loss of trading counterparties for corporate hedging and trading and brokerage activities or an increase in the cost of, or a limit on our access to, various forms of credit used in operating our business.

If our cash flows and capital resources are insufficient to fund our debt services obligations, we may be forced to sell assets, seek additional capital to attempt to meet our debt service and other obligations or seek to restructure or refinance certain debt obligations. We have engaged in discussions with certain holders of our debt regarding debt exchanges and debt buybacks, as well as new financings. However, these alternative measures may not be successful and may not permit us to meet our scheduled debt services obligations. In this regard, certain agreements governing our indebtedness restrict our ability to sell assets and the manner in which we may use proceeds from asset sales. We also may not be able to complete any such asset sales or realize sufficient proceeds to meet debt service obligations then due. In addition, our ability to restructure our debt obligations may be impacted by cash tax liabilities that result from the cancellation of debt income if we are unable to offset that income with tax losses or other tax planning strategies. If the actions described above are not successful and we are unable to meet our debt service obligations when due, we could be required to reorganize our company in its entirety, including through bankruptcy proceedings.

Our ability to meet our financial obligations and fund our operations is dependent upon market conditions and our continued access to borrowing capacity of our existing borrowing facilities.

Liquidity risk refers to the risk that we may not be able to generate or otherwise obtain funds at reasonable rates to meet our financial obligations and fund our operations. In addition to cash and cash equivalents, our liquidity typically includes the available balances from the 2013 Revolver under the 2013 Credit Facility and our accounts receivable securitization program that expires in April 2016. In February 2016, we borrowed approximately $945 million under our 2013 Revolver, which represented the then-remaining undrawn available amount. In order for our liquidity to be sufficient to meet our anticipated capital requirements, we must maintain our cash or, to the extent amounts once again become available for borrowing, continue to have access to a substantial portion of our maximum borrowing capacity under the 2013 Revolver. Our ability to borrow under the 2013 Revolver is dependent upon our ability to comply with the covenants in the 2013 Credit Facility. As noted above, our current operating plan indicates that we will incur a loss from operations, generate negative cash flows and, unless we achieve certain targeted asset sales, violate certain financial and restrictive covenants. The inclusion of a "going concern" explanatory paragraph in the auditor's opinion covering our audited financial statements contained herein, absent a waiver or cure, would constitute a default under the 2013 Credit Facility after the expiration of any applicable grace period.

As of March 11, 2016, our available liquidity declined to $0.9 billion, which consisted primarily of cash and cash equivalents. The decline since December 31, 2015 was primarily due to operational expenditures and the issuance of additional letters of credit.

Due to significant pressure on our business and current market conditions facing the coal industry, we have experienced losses of $1,996.0 million and $787.0 million in 2015 and 2014, respectively, and cash outflows from operations of $14.4 million in 2015. We expect to continue to experience operating losses and cash outflows from operations in the coming quarters, until the coal industry stabilizes. We have taken steps to reduce the cash outflow from operations in the near term through a realignment of our cost structure and anticipated reductions in production volumes, but these actions will not entirely address our cash outflows from operations.

Other factors that could materially adversely impact our liquidity include an inability to maintain our current level of self-bonding, requirements to provide additional collateral to support our operations, an inability to renew our accounts receivable securitization program at an appropriate capacity when it expires in April 2016, further downgrades of our credit ratings and additional obligations or liabilities that we may incur as a result of the Patriot bankruptcy. Access to additional funds from liquidity-generating transactions or other sources of external financing may not be available to us and, if available, would be subject to market conditions and certain limitations including our credit rating and covenant restrictions in the agreements governing our debt, including our 2013 Credit Facility.

We have engaged in discussions with holders of our debt regarding new financings as well as debt exchanges and debt buybacks to improve our liquidity and reduce our financial obligations. If we are not able to timely, successfully or efficiently implement the strategies that we are pursuing to improve our operating performance and financial position, obtain alternative sources of capital or otherwise meet our liquidity needs or maintain covenant compliance under our 2013 Credit Facility, we may need to voluntarily seek protection under Chapter 11 of the U.S. Bankruptcy Code.

The covenants in our 2013 Credit Facility, and the indentures governing our Senior Notes, Senior Secured Second Lien Notes and Debentures impose restrictions that may limit our operating and financial flexibility.

Our 2013 Credit Facility, the indentures governing our Senior Notes, and our Senior Secured Second Lien Notes and the instruments governing our other indebtedness contain certain restrictions and covenants which restrict our ability to incur liens and/or debt or provide guarantees in respect of obligations of any other person. Under our 2013 Credit Facility, we must comply with certain financial covenants on a quarterly basis, including a maximum consolidated net secured first lien leverage ratio and a minimum consolidated interest coverage ratio, each as defined therein. The covenants also place limitations on our investments in joint ventures and unrestricted subsidiaries, indebtedness and the imposition of liens on our assets. Also, because our ability to borrow under the 2013 Credit Facility is conditioned upon compliance with these covenants, any available borrowing capacity under the 2013 Credit Facility may be limited or may be altogether precluded. If we do not remain in compliance with the covenants in our 2013 Credit Facility, we may be restricted in our ability to pay dividends, sell assets and make redemptions or repurchase capital stock. Also, because our ability to borrow under the 2013 Credit Facility is conditioned upon compliance with these covenants, our borrowing capacity under the 2013 Credit Facility may be limited or may be altogether precluded. As noted above, our current operating plan indicates that we will incur a loss from operations, generate negative cash flows and, unless we achieve certain targeted asset sales, violate certain financial and restrictive covenants in 2016. The inclusion of a "going concern" explanatory paragraph in the auditor's opinion covering our audited financial statements contained herein, absent a waiver or cure, would constitute a default under the 2013 Credit Facility after the expiration of any applicable grace period.

We currently anticipate that our reported Adjusted EBITDA and other sources of earnings or adjustments used to calculate Consolidated EBITDA (if such other sources of earnings or adjustments do not include the proceeds of certain targeted asset sales) will fall below our Consolidated Net Cash Interest Charges during 2016, and we anticipate we will not comply with our financial covenants as of March 31, 2016. If we violate these covenants and are unable to obtain waivers from our lenders and the debt under our 2013 Credit Facility is accelerated, there would be an event of default under our Senior Notes, and our Senior Secured Second Lien Notes and the debt owing thereunder could be accelerated. If our indebtedness is accelerated, we may not be able to repay our debt or borrow sufficient funds to refinance it. Even if we are able to obtain new financing, it may not be on commercially reasonable terms or on terms that are acceptable to us. If our debt is in default for any reason, our business, financial condition and results of operations could be materially and adversely affected. In addition, complying with these covenants may also cause us to take actions that are not favorable to holders of our debt or equity securities and may make it more difficult for us to successfully execute our business strategy and compete against companies who are not subject to such restrictions.

Under the indentures governing our Senior Notes, the amount of Indebtedness (as defined in the indentures governing the Senior Notes) that may be secured by Principal Property and Capital Stock (each as defined in the Senior Notes indentures) is limited in amount, unless the Senior Notes are secured on an equal and ratable basis. Our 2013 Credit Facility and our Senior Secured Second Lien Notes are secured by Principal Property and Capital Stock, among other collateral, in a manner that uses substantially all of such limited amount. While the 2013 Credit Facility and our Senior Secured Second Lien Notes provide us with flexibility to secure certain other debt with Principal Property and Capital Stock while maintaining compliance with the terms of our Senior Notes indentures and not requiring such notes to be equally and ratably secured, our ability to incur such other secured debt is limited, and our ability to secure any debt in the future, whether or not secured by Principal Property and Capital Stock, may be negatively affected by such constraints. In addition, under the 2013 Credit Facility, if we cannot meet our debt service obligations, payment of our outstanding debt could be accelerated, the lenders could terminate their commitments to loan money, the lenders could foreclose against the assets securing their borrowings and we could be forced into bankruptcy.

The conversion of our Debentures, sales of additional shares of our common stock and the exercise or granting of additional equity securities may result in the dilution of the ownership interests of our existing stockholders.

If the conditions permitting the conversion of our Debentures are met and holders of the Debentures exercise their conversion rights, any conversion value in excess of the principal amount will be delivered in shares of our common stock. If any common stock is issued in connection with a conversion of our Debentures, our existing stockholders will experience dilution in the voting power of their common stock.

Provisions of our Debentures could discourage an acquisition of us by a third-party.

Certain provisions of our Debentures could make it more difficult or more expensive for a third-party to acquire us. Upon the occurrence of certain transactions constituting a “change of control” as defined in the indenture relating to our Debentures, holders of our Debentures will have the right, at their option, to convert their Debentures and thereby require us to pay the principal amount of such Debentures in cash and, if applicable, shares of our Common Stock. Future issuances of equity securities, including issuances pursuant to outstanding stock-based awards under our long-term incentive plans, could dilute the interests of our existing stockholders and could cause the market price for our common stock to decline. We may issue equity or equity-linked securities in the future for a number of reasons, including to finance our operations and business strategy, adjust our ratio of debt to equity, satisfy claims or obligations or for other reasons.

We may be unable to repurchase or make payments associated with our debt if we experience a change of control

If we experiences specific kinds of changes in control and the credit rating assigned to our Senior Notes declines below specified levels within 90 days of that time, holders of such notes have the right to require us to repurchase their notes at a repurchase price equal to 101% of their principal amount, plus accrued and unpaid interest, if any, to the date of repurchase. In addition, as discussed above, certain provisions of our Debentures provide that upon the occurrence of certain transactions constituting a change of control, holders of our Debentures will have the right, at their option, to convert their Debentures and thereby require us to pay the principal amount of such Debentures in cash and, if applicable, shares of our Common Stock. If a change of control were to occur, we may not have sufficient funds to purchase our Senior Notes or pay amounts required by our Debentures. We also might not be able to obtain additional financing to fund those purchases and payments. Our failure to repurchase or make payments with respect to our Senior Notes and Debentures upon a change of control would cause a default under the relevant indentures and a cross default under our other indentures and our credit facility. A change of control (as defined for purposes of our credit facility) is also an event of default under the credit facility that would permit lenders to accelerate the maturity of certain borrowings.

Other Business Risks

We may not be able to fully utilize our deferred tax assets.

We are subject to income and other taxes in the U.S. and numerous foreign jurisdictions, most significantly Australia. As of December 31, 2015, we had gross deferred income tax assets and liabilities of $2,597.1 million and $1,167.0 million, respectively, as described further in Note 10. “Income Taxes” to the accompanying consolidated financial statements. At that date, we also had recorded a valuation allowance of $1,447.3 million, substantially comprised of a full valuation allowance against our net deferred tax asset positions in the U.S. and Australia driven by recent cumulative book losses, as determined by considering all sources of available income (including items classified as discontinued operations or recorded directly to "Accumulated other comprehensive loss"), which limited our ability to look to future taxable income in assessing the likelihood of realizing those assets.

Although we may be able to utilize some or all of those deferred tax assets in the future if we have income of the appropriate character in those jurisdictions (subject to loss carryforward and tax credit expiry, in certain cases), there is no assurance that we will be able to do so. Further, we are presently unable to record tax benefits on future losses in the U.S. and Australia until such time as sufficient income is generated by our operations in those jurisdictions to support the realization of the related net deferred tax asset positions. Our results of operations, financial condition and cash flows may adversely be affected in future periods by these limitations.

We are exposed to risk of loss due to Patriot's bankruptcy.

In 2012, Patriot Coal Company and certain of its wholly owned subsidiaries (Patriot) filed voluntary petitions for relief under Chapter 11 of Title 11 of the U.S. Code. In 2013, we entered into a definitive settlement agreement with Patriot and the United Mine Workers of America (UMWA), on behalf of itself, its represented Patriot employees and its represented Patriot retirees, to resolve all disputed issues related to Patriot’s bankruptcy. In May 2015, Patriot again filed voluntary petitions for relief under Chapter 11 of Title 11 of the U.S. Code in the Eastern District of Virginia and subsequently initiated a process to sell some or all of its assets to qualified third-party bidders. On October 9, 2015, the bankruptcy court overseeing Patriot's current bankruptcy confirmed a plan of reorganization that sold substantially all of Patriot's assets to two buyers and contributed the remainder to a liquidating trust. The plan became effective in late October 2015.

We have exposure related to a total of $83.1 million of credit support we provided to Patriot pursuant to the 2013 definitive settlement agreement (net of $8.5 million of underlying liabilities assumed and $29.9 million of financial instruments drawn upon in 2015). Refer to Note 25. "Matters Related to the Bankruptcy of Patriot Coal Corporation" to the accompanying consolidated financial statements for additional information surrounding these risks.

By statute, we remain secondarily liable for the black lung liabilities related to Patriot’s workers employed by our former subsidiaries. Whether we will ultimately be required to fund certain of those obligations in the future as a result of Patriot’s May 2015 bankruptcy remains uncertain. We do believe that it is probable that we will be required to fund a portion of these obligations in the future and recorded a charge to "Loss from discontinued operations, net of income taxes" of $114.4 million, net of $15.0 million previously accrued credit support related to Patriot's federal black lung obligations, during the year ended December 31, 2015. Refer to Note 25. "Matters Related to the Bankruptcy of Patriot Coal Corporation" to the accompanying consolidated financial statements for additional information surrounding these risks.

Additionally, we are a party to proceedings alleging we have withdrawal liability of $644.2 million to the UMWA 1974 Pension Plan, which is discussed in Note 25. "Matters Related to the Bankruptcy of Patriot Coal Corporation". Other parties may make claims against us in relation to Patriot's bankruptcy, although we are unaware of any other claims at this time.

Our expenditures for postretirement benefit and pension obligations could be materially higher than we have predicted if our underlying assumptions prove to be incorrect.

We provide postretirement health and life insurance benefits to eligible employees. Our total accumulated postretirement benefit obligation related to such benefits was a liability of $776.1 million as of December 31, 2015, of which $53.2 million was classified as a current liability. Certain of our U.S. subsidiaries also sponsor defined benefit pension plans. Net pension liabilities were $182.0 million as of December 31, 2015, of which $1.6 million was classified a current liability.

These liabilities are actuarially determined and we use various actuarial assumptions, including the discount rate, future cost trends, and rates of return on plan assets to estimate the costs and obligations for these items. Our discount rate is determined by utilizing a hypothetical bond portfolio model which approximates the future cash flows necessary to service our liabilities. A decrease in the discount rate used to determine our postretirement benefit and defined benefit pension obligations could result in an increase in the valuation of these obligations, thereby increasing the cost in subsequent fiscal years. We have made assumptions related to future trends for medical care costs in the estimates of retiree health care obligations. Our medical trend assumption is developed by annually examining the historical trend of our cost per claim data. If our assumptions do not materialize as expected, actual cash expenditures and costs that we incur could differ materially from our current estimates. Moreover, regulatory changes or changes in healthcare benefits provided by the government could increase our obligation to satisfy these or additional obligations. Additionally, our reported defined benefit pension funding status may be affected, and we may be required to increase employer contributions, due to increases in our defined benefit pension obligation or poor financial performance in asset markets in future years.

Our defined benefit pension plans are subject to the provisions of the Employee Retirement Income Security Act of 1974, as amended (ERISA). It is implicit in our underlying assumptions that those plans continue to operate in the normal course of business. However, the Pension Benefit Guarantee Corporation (PBGC) may terminate our plans under certain circumstances pursuant to ERISA laws, including in the event that the PBGC concludes that its risk may increase unreasonably if such plans continue to operate based on its assessment of the plans' funded status, our financial condition or other factors. Termination of the plans would require us to provide immediate funding or other financial assurance to the PBGC for all or a substantial portion of the underfunded amounts, as determined by the PBGC based on its own assumptions. Those assumptions may differ from our own. Any of those consequences could have a material adverse effect on our results of operations, financial conditions or available liquidity.

Our common stock could be delisted or be suspended from trading.

Our common stock is currently listed on the New York Stock Exchange (NYSE). In order for our common stock to continue to be listed on the NYSE, we are required to comply with various quantitative and qualitative listing standards. A renewed or continued decline in the closing price of our common stock on the NYSE could result in a breach of these requirements. If we were not able to cure the breach, the NYSE could commence suspension or delisting procedures in respect of our common stock. The commencement of suspension or delisting procedures by an exchange remains, at all times, at the discretion of such exchange and would be publicly announced by the exchange.

If a suspension or delisting were to occur, there would be significantly less liquidity in the suspended or delisted securities. In addition, our ability to raise capital and compensate personnel by means of share-based compensation would be greatly impaired. Furthermore, with respect to any suspended or delisted securities, we would expect decreases in institutional and other investor demand, analyst coverage, market making activity and information available concerning trading prices and volume, and fewer broker-dealers would be willing to execute trades with respect to such securities. A suspension or delisting would likely decrease the attractiveness of our common stock to investors and cause the trading volume of our common stock to decline, which could result in a further decline in the market price of our common stock.

Concerns about the environmental impacts of coal combustion, including perceived impacts on global climate issues, are resulting in increased regulation of coal combustion in many jurisdictions, unfavorable lending policies by government-backed lending institutions and development banks toward the financing of new overseas coal-fueled power plants and divestment efforts affecting the investment community, which could significantly affect demand for our products or our securities.

Global climate issues continue to attract public and scientific attention. Numerous reports, such as the Fourth (and, more recently, the Fifth) Assessment Report of the Intergovernmental Panel on Climate Change, have also engendered concern about the impacts of human activity, especially fossil fuel combustion, on global climate issues. In turn, increasing government attention is being paid to global climate issues and to emissions of what are commonly referred to as greenhouse gases, including emissions of carbon dioxide from coal combustion by power plants.

Enactment of laws or passage of regulations regarding emissions from the combustion of coal by the U.S., some of its states or other countries, or other actions to limit such emissions, could result in electricity generators switching from coal to other fuel sources or coal-fueled power plant closures. Further, policies limiting available financing for the development of new coal-fueled power plants could adversely impact the global demand for coal in the future. The potential financial impact on us of future laws, regulations or other policies will depend upon the degree to which any such laws or regulations force electricity generators to diminish their reliance on coal as a fuel source. That, in turn, will depend on a number of factors, including the specific requirements imposed by any such laws, regulations or other policies, the time periods over which those laws, regulations or other policies would be phased in, the state of commercial development and deployment of CCS technologies and the alternative markets for coal. From time to time, we attempt to analyze the potential impact on the Company of as-yet-unadopted potential laws, regulations and policies. Such analyses require that we make significant assumptions as to the specific provisions of such potential laws, regulations and policies. These analyses sometimes show that certain potential laws, regulations and policies, if implemented in the manner assumed by the analyses, could result in material adverse impacts on our operations, financial condition or cash flow, in view of the significant uncertainty surrounding each of these potential laws, regulations and policies. We do not believe that such analyses reasonably predict the quantitative impact that future laws, regulations or other policies may have on our results of operations, financial condition or cash flows.

There have also been efforts in recent years affecting the investment community, including investment advisors, sovereign wealth funds, public pension funds, universities and other groups, promoting the divestment of fossil fuel equities and also pressuring lenders to limit funding to companies engaged in the extraction of fossil fuel reserves. The impact of such efforts may adversely affect the demand for and price of securities issued by us, and impact our access to the capital and financial markets.

Our certificate of incorporation and by-laws include provisions that may discourage a takeover attempt.

Provisions contained in our certificate of incorporation and by-laws and Delaware law could make it more difficult for a third-party to acquire us, even if doing so might be beneficial to our stockholders. Provisions of our by-laws and certificate of incorporation impose various procedural and other requirements that could make it more difficult for stockholders to effect certain corporate actions. These provisions could limit the price that certain investors might be willing to pay in the future for shares of our common stock and may have the effect of delaying or preventing a change in control.

Diversity in interpretation and application of accounting literature in the mining industry may impact our reported financial results.

The mining industry has limited industry-specific accounting literature and, as a result, we understand diversity in practice exists in the interpretation and application of accounting literature to mining-specific issues. As diversity in mining industry accounting is addressed, we may need to restate our reported results if the resulting interpretations differ from our current accounting practices. Refer to Note 1. "Summary of Significant Accounting Policies" to the accompanying consolidated financial statements for a summary of our significant accounting policies.

Item 1B. *Unresolved Staff Comments.*

None.

Item 2. *Properties.*

Coal Reserves

We had an estimated 6.3 billion tons of proven and probable coal reserves as of December 31, 2015. An estimated 5.5 billion tons of our attributable proven and probable coal reserves are in the U.S., with the remainder in Australia. Approximately 73% of our Australian proven and probable coal reserves, or 624 million tons, are metallurgical coal, comprised of approximately 268 million and 356 million tons of coking coal and low volatile pulverized coal injection (LV PCI) coals, respectively. The remainder of our Australian coal reserves consists of thermal coal. Approximately 64% of our reserves, or 4.0 billion tons, are compliance coal and 36% are non-compliance coal (assuming application of the U.S. industry standard definition of compliance coal to all of our reserves). We own approximately 27% of these reserves and lease property containing the remaining 73%. Compliance coal is defined by Phase II of the Clean Air Act as coal having sulfur dioxide content of 1.2 pounds or less per million Btu. Electricity generators are able to use coal that exceeds these specifications by using emissions reduction technology, using emission allowance credits or blending higher sulfur coal with lower sulfur coal.

Below is a table summarizing the locations and proven and probable coal reserves of our major operating regions.

Operating Regions	Locations	Proven and Probable Reserves as of December 31, 2015 (1)		
		Owned Tons	Leased Tons	Total Tons
		(Tons in millions)		
Midwest	Illinois, Indiana and Kentucky	1,497	492	1,989
Powder River Basin	Wyoming	—	2,960	2,960
Southwest	Arizona and New Mexico (3)	171	229	400
Colorado	Colorado (3)	18	108	126
Total United States		1,686	3,789	5,475
New South Wales	Australia	—	290	290
Queensland	Australia	—	571	571
Total Australia		—	861	861
Total Proven and Probable Coal Reserves		1,686	4,650	6,336

(1) Estimated proven and probable coal reserves have been adjusted to account for estimated processing losses involved in producing a saleable coal product.

Reserves are defined by SEC Industry Guide 7 as that part of a mineral deposit which could be economically and legally extracted or produced at the time of the reserve determination. Proven and probable coal reserves are defined by SEC Industry Guide 7 as follows:

- *Proven (Measured) Reserves* — Reserves for which (a) quantity is computed from dimensions revealed in outcrops, trenches, workings or drill holes; grade and/or quality are computed from the results of detailed sampling and (b) the sites for inspection, sampling and measurement are spaced so close and the geographic character is so well defined that size, shape, depth and mineral content of reserves are well-established.
- *Probable (Indicated) Reserves* — Reserves for which quantity and grade and/or quality are computed from information similar to that used for proven (measured) reserves, but the sites for inspection, sampling and measurement are farther apart or are otherwise less adequately spaced. The degree of assurance, although lower than that for proven (measured) reserves, is high enough to assume continuity between points of observation.

Our estimates of proven and probable coal reserves are established within these guidelines. Estimates within the proven category have the highest degree of assurance, while estimates within the probable category have only a moderate degree of geologic assurance. Further exploration is necessary to place probable reserves into the proven reserve category. Our active properties generally have a much higher degree of reliability because of increased drilling density.

Our guidelines for geologic assurance surrounding estimated proven and probable U.S. and Australian coal reserves generally follow the respective industry-accepted practices of those countries. In the U.S., our estimated proven coal reserves lie within one-quarter mile of a valid point of measure or point of observation, such as exploratory drill holes or previously mined areas, while our estimated probable coal reserves may lie more than one-quarter mile, but less than three-quarters of a mile, from a point of thickness measurement. In Australia, our estimated proven coal reserves generally lie within 250 meters of a point of observation, while our estimated probable coal reserves may lie more than 250 meters, but less than 500 meters, from a point of observation. For some of our Australian coal reserves, the distance between points of observation is determined by a geostatistical study.

The preparation of our coal reserve estimates is completed in accordance with our prescribed internal control procedures, which include verification of input data into a coal reserve forecasting and economic evaluation software system, as well as multi-functional management review. Our reserve estimates are prepared by our staff of experienced geologists. Our corporate Geological Services group is responsible for tracking changes in reserve estimates, supervising our other geologists and coordinating periodic third-party reviews of our reserve estimates by qualified mining consultants.

Our coal reserve estimates are predicated on information obtained from an extensive historical database of drill holes and information obtained from our ongoing drilling program. We compile data from individual drill holes in a computerized drill-hole database from which the depth, thickness and, where core drilling is used, the quality of the coal is determined. The density of a drill pattern determines whether the related coal reserves will be classified as proven or probable. Our coal reserve estimates are then input into our computerized land management system, which overlays that geological data with data on ownership or control of the mineral and surface interests to determine the extent of our attributable coal reserves in a given area. Our land management system contains reserve information, including the quantity and quality (where available) of reserves, as well as production rates, surface ownership, lease payments and other information relating to our coal reserves and land holdings. We periodically update our coal reserve estimates to reflect production of coal from those reserves and new drilling or other data received. Accordingly, our coal reserve estimates will change from time to time to reflect the effects of our mining activities, analysis of new engineering and geological data, changes in coal reserve holdings, modification of mining methods and other factors.

Our estimate of the economic recoverability of our coal reserves is generally based upon a comparison of unassigned reserves to assigned reserves currently in production in the same geologic setting to determine an estimated mining cost. These estimated mining costs are compared to expected market prices for the quality of coal expected to be mined and take into consideration typical contractual sales agreements for the region and product. Where possible, we also review coal production by competitors in similar mining areas. Only coal reserves expected to be mined economically are included in our reserve estimates. Finally, our coal reserve estimates include reductions for recoverability factors to estimate a saleable product. Factors impacting our assessment include geological conditions, production expectations for certain areas, the effects of regulation and taxes by governmental agencies, future price and operating cost assumptions and adverse changes in certain coal market segment conditions and mine closure activities. The estimates are also impacted by decreases resulting from current year production and increases resulting from information obtained from additional drilling. Our estimation as of December 31, 2015 reflected a net reduction compared to the prior year of 1.2 billion tons of coal reserves. The decrease was driven by adverse changes in economic factors, mine plan changes and the sale of non-strategic coal reserves, partially offset from acquisitions and new drilling with the addition of 50.5 million production tons.

We periodically engage independent mining and geological consultants and consider their input regarding the procedures used by us to prepare our internal estimates of coal reserves, selected property reserve estimates and tabulation of reserve groups according to standard classifications of reliability. Our December 31, 2015 reserve estimates for New South Wales region in Australia were audited by Palaris Australia Pty Ltd, an independent mining and geological consulting firm, which included a review of the data, procedures and parameters employed by us in developing our New South Wales reserve estimates. The audit found that (1) the reserve estimates we prepared for the region were properly calculated in accordance with our stated procedures, (2) the procedures used by us are reasonable and comply with accepted industry standards and (3) our New South Wales reserve estimates, as a whole, provided a reasonable estimate of available controlled mineralization that can be expected to be legally and economically extractable at the time of determination. We plan to complete additional audits of our reserve estimates on a cycled basis for each of our major operating regions.

With respect to the accuracy of our coal reserve estimates, our experience is that recovered reserves are within plus or minus 10% of our proven and probable estimates, on average, and our probable estimates are generally within the same statistical degree of accuracy when the necessary drilling is completed to move reserves from the probable to the proven classification.

We have numerous U.S. federal coal leases that are administered by the U.S. Department of the Interior under the Federal Coal Leasing Amendments Act of 1976. These leases cover our principal reserves in the Powder River Basin and other reserves in Colorado. Each of these leases continues indefinitely, provided there is diligent development of the property and continued operation of the related mine or mines. The U.S. Bureau of Land Management (BLM) has asserted the right to adjust the terms and conditions of these leases, including rent and royalties, after the first 20 years of their term and at 10-year intervals thereafter. Annual rents on surface land under our federal coal leases are now set at $3.00 per acre. Production royalties on federal leases are set by statute at 12.5% of the gross proceeds of coal mined and sold for surface-mined coal and 8% for underground-mined coal. The U.S. federal government limits by statute the amount of federal land that may be leased by any company and its affiliates at any time to 75,000 acres in any one state and 150,000 acres nationwide. As of December 31, 2015, we leased 7,687 acres of federal land in Colorado, 640 acres in New Mexico and 52,556 acres in Wyoming, for a total of 60,883 nationwide subject to those limitations. An additional 8,262 acres in Wyoming are held under Lease by Application with the BLM, which are also subject to the U.S. federal government limits.

Similar provisions govern three coal leases with the Navajo and Hopi Indian tribes. These leases cover coal contained in 64,858 acres of land in northern Arizona lying within the boundaries of the Navajo Nation and Hopi Indian reservations. We also lease coal-mining properties from various state governments in the U.S.

Private U.S. coal leases normally have terms of between 10 and 20 years and usually give us the right to renew the lease for a stated period or to maintain the lease in force until the exhaustion of mineable and merchantable coal contained on the relevant site. These private U.S. leases provide for royalties to be paid to the lessor either as a fixed amount per ton or as a percentage of the sales price. Many U.S. leases also require payment of a lease bonus or minimum royalty, payable either at the time of execution of the lease or in periodic installments. The terms of our private U.S. leases are normally extended by active production at or near the end of the lease term. U.S. leases containing undeveloped reserves may expire or these leases may be renewed periodically.

Mining and exploration in Australia is generally carried out under leases or licenses granted by state governments. Mining leases are typically for an initial term of up to 21 years (but which may be renewed) and contain conditions relating to such matters as minimum annual expenditures, restoration and rehabilitation. Royalties are paid to the state government as a percentage of the sales price. Generally landowners do not own the mineral rights or have the ability to grant rights to mine those minerals. These rights are retained by state governments. Compensation is payable to landowners for loss of access to the land, and the amount of compensation can be determined by agreement or arbitration. Surface rights are typically acquired directly from landowners and, in the absence of agreement, there is an arbitration provision in the mining law.

Consistent with industry practice, we conduct only limited investigation of title to our coal properties prior to leasing. Title to lands and reserves of the lessors or grantors and the boundaries of our leased properties are not completely verified until we prepare to mine those reserves.

With a portfolio of approximately 6.3 billion tons, we believe that we have sufficient coal reserves to replace capacity from depleting mines for the foreseeable future and that our significant coal reserve holdings is one of our competitive strengths. We believe that the current level of production at our major mines is sustainable for the foreseeable future.

The following charts provide a summary, by mining complex, of production (in descending order by region) for the years ended December 31, 2015, 2014 and 2013, tonnage of coal reserves that is assigned to our active operating mines, our property interest in those reserves and other characteristics of the facilities.

SUMMARY OF COAL PRODUCTION AND SULFUR CONTENT OF ASSIGNED RESERVES

(Tons in Millions)

Geographic Region / Mining Complex	Production Year Ended December 31, 2015	2014	2013	Type of Coal	Sulfur Content of Assigned Reserves as of December 31, 2015 [1]: <1.2 lbs. Sulfur Dioxide per Million Btu	>1.2 to 2.5 lbs. Sulfur Dioxide per Million Btu	>2.5 lbs. Sulfur Dioxide per Million Btu	As Received Btu per pound [2]
Midwest:								
Bear Run	7.9	8.4	8.2	T	4	26	220	11,500
Francisco Underground	2.9	3.1	2.9	T	—	—	27	11,500
Gateway/Gateway North	1.8	2.5	2.8	T	—	—	66	10,800
Wild Boar	2.7	3.5	3.6	T	—	—	38	11,100
Wildcat Hills Underground	1.7	2.0	1.6	T	—	—	24	12,100
Cottage Grove	1.1	1.9	2.0	T	—	—	5	12,200
Somerville Central	3.0	3.4	4.1	T	—	—	20	11,200
Viking - Corning Pit (Closed in 2014)	—	0.1	1.1	T	—	—	—	NA
Total	21.1	24.9	26.3		4	26	400	
Powder River Basin:								
North Antelope Rochelle	109.3	118.0	111.0	T	2,018	—	—	8,800
Rawhide	15.2	15.4	14.2	T	254	57	2	8,300
Caballo	11.4	8.0	9.0	T	594	31	4	8,400
Total	135.9	141.4	134.2		2,866	88	6	
Southwest:								
El Segundo [3]	7.5	8.4	8.7	T	16	42	40	9,000
Kayenta	6.8	8.1	7.2	T	142	63	3	10,600
Lee Ranch [3]	—	—	—	T	18	67	9	9,400
Total	14.3	16.5	15.9		176	172	52	
Colorado:								
Twentymile [3]	3.5	6.7	7.2	T	42	—	—	11,200
Australia:								
Wilpinjong	12.0	14.4	13.3	T	154	—	—	10,000
Wambo [4]	6.5	6.5	6.9	M/T	108	—	—	11,800
Millennium	4.4	3.9	3.5	M/P	18	—	—	12,600
Coppabella	2.8	3.2	3.2	P	54	—	—	12,600
North Goonyella	2.6	2.9	2.3	M	96	—	—	12,700
Moorvale	2.2	2.4	2.1	P	11	—	—	12,300
Metropolitan	2.1	2.5	1.5	M	28	—	—	12,600
Burton	1.3	1.9	2.0	M/T	9	—	—	12,700
Middlemount [5]	—	—	—	M/P	30	—	—	12,300
Total	33.9	37.7	34.8		508	—	—	
Total Continuing Operations	208.7	227.2	218.4		3,596	286	458	
Discontinued Operations	—	—	4.0		—	—	—	
Total Assigned	**208.7**	**227.2**	**222.4**		3,596	286	458	

T: Thermal

M: Metallurgical

P: Pulverized Coal Injection Metallurgical

ASSIGNED RESERVES [6]
AS OF DECEMBER 31, 2015

(Tons in Millions)		Attributable Ownership					100% Project Basis				
Geographic Region/Mining Complex	Interest	Proven and Probable Reserves	Owned	Leased	Surface	Underground	Proven and Probable Reserves	Owned	Leased	Surface	Underground
Midwest:											
Bear Run	100%	250	109	141	250	—	250	109	141	250	—
Gateway/Gateway North	100%	66	64	2	—	66	66	64	2	—	66
Francisco Underground	100%	27	5	22	—	27	27	5	22	—	27
Wildcat Hills Underground	100%	24	11	13	—	24	24	11	13	—	24
Somerville Central	100%	20	17	3	20	—	20	17	3	20	—
Wild Boar	100%	38	21	17	38	—	38	21	17	38	—
Cottage Grove	100%	5	3	2	5	—	5	3	2	5	—
Total		430	230	200	313	117					
Powder River Basin:											
North Antelope Rochelle	100%	2,018	—	2,018	2,018	—	2,018	—	2,018	2,018	—
Caballo	100%	629	—	629	629	—	629	—	629	629	—
Rawhide	100%	313	—	313	313	—	313	—	313	313	—
Total		2,960	—	2,960	2,960	—					
Southwest:											
Kayenta	100%	208	—	208	208	—	208	—	208	208	—
El Segundo [3]	100%	98	80	18	98	—	98	80	18	98	—
Lee Ranch [3]	100%	94	91	3	94	—	94	91	3	94	—
Total		400	171	229	400	—					
Colorado:											
Twentymile [3]	100%	42	11	31	—	42	42	11	31	—	42
Australia:											
Wilpinjong	100%	154	—	154	154	—	154	—	154	154	—
Wambo [4]	100%	108	—	108	25	83	108	—	108	25	83
North Goonyella	100%	96	—	96	—	96	96	—	96	—	96
Coppabella	73.3%	54	—	54	54	—	74	—	74	74	—
Metropolitan	100%	28	—	28	—	28	28	—	28	—	28
Millennium	100%	18	—	18	18	—	18	—	18	18	—
Moorvale	73.3%	11	—	11	11	—	15	—	15	15	—
Burton	100%	9	—	9	9	—	9	—	9	9	—
Middlemount [5]	50.0%	30	—	30	30	—	60	—	60	60	—
Total		508	—	508	301	207					
Total Assigned		4,340	412	3,928	3,974	366					

ASSIGNED AND UNASSIGNED PROVEN AND PROBABLE COAL RESERVES (6)
AS OF DECEMBER 31, 2015
(Tons in Millions)

	Attributable Ownership					100% Project Basis				
	Total Tons		Proven and Probable			Total Tons		Proven and Probable		
Coal Seam Location	Assigned	Unassigned	Reserves	Proven	Probable	Assigned	Unassigned	Reserves	Proven	Probable
Midwest:										
Illinois	95	1,409	1,504	674	830	95	1,409	1,504	674	830
Indiana	335	26	361	297	64	335	26	361	297	64
Kentucky (7)	—	124	124	55	69	—	124	124	55	69
Total	430	1,559	1,989	1,026	963					
Powder River Basin (Wyoming)	2,960	—	2,960	2,831	129	2,960	—	2,960	2,831	129
Southwest:										
Arizona	208	—	208	208	—	208	—	208	208	—
New Mexico (3)	192	—	192	192	—	192	—	192	192	—
Total	400	—	400	400	—					
Colorado (3)	42	84	126	81	45	42	84	126	81	45
Australia:										
New South Wales	290	—	290	235	55	290	—	290	235	55
Queensland	218	353	571	295	276	272	432	704	357	347
Total	508	353	861	530	331					
Total Proven and Probable	4,340	1,996	6,336	4,868	1,468					

ASSIGNED AND UNASSIGNED - RESERVE CONTROL AND MINING METHOD
AS OF DECEMBER 31, 2015
(Tons in Millions)

	Attributable Ownership				100% Project Basis			
	Reserve Control		Mining Method		Reserve Control		Mining Method	
Coal Seam Location	Owned	Leased	Surface	Underground	Owned	Leased	Surface	Underground
Midwest:								
Illinois	1,283	221	10	1,494	1,283	221	10	1,494
Indiana	172	189	319	42	172	189	319	42
Kentucky (7)	42	82	—	124	42	82	—	124
Total	1,497	492	329	1,660				
Powder River Basin (Wyoming)	—	2,960	2,960	—	—	2,960	2,960	—
Southwest:								
Arizona	—	208	208	—	—	208	208	—
New Mexico (3)	171	21	192	—	171	21	192	—
Total	171	229	400	—				
Colorado (3)	18	108	—	126	18	108	—	126
Australia:								
New South Wales	—	290	179	111	—	290	179	111
Queensland	—	571	362	209	—	704	430	274
Total	—	861	541	320				
Total Proven and Probable	1,686	4,650	4,230	2,106				

ASSIGNED AND UNASSIGNED PROVEN AND PROBABLE COAL RESERVES - SULFUR CONTENT
AS OF DECEMBER 31, 2015
(Tons in Millions)

		Attributable Ownership			100% Project Basis			
		Sulfur Content (1)			Sulfur Content (1)			
Coal Seam Location	Type of Coal	<1.2 lbs. Sulfur Dioxide per Million Btu	>1.2 to 2.5 lbs. Sulfur Dioxide per Million Btu	>2.5 lbs. Sulfur Dioxide per Million Btu	<1.2 lbs. Sulfur Dioxide per Million Btu	>1.2 to 2.5 lbs. Sulfur Dioxide per Million Btu	>2.5 lbs. Sulfur Dioxide per Million Btu	As Received Btu per Pound (2)
Midwest:								
Illinois	T	—	—	1,504	—	—	1,504	10,800
Indiana	T	4	26	331	4	26	331	11,400
Kentucky (7)	T	—	—	124	—	—	124	12,000
Total		4	26	1,959				
Powder River Basin (Wyoming)	T	2,866	88	6	2,866	88	6	8,700
Southwest:								
Arizona	T	142	63	3	142	63	3	10,600
New Mexico (3)	T	34	109	49	34	109	49	9,100
Total		176	172	52				
Colorado (3)	T	126	—	—	126	—	—	11,200
Australia:								
New South Wales	T/M	290	—	—	290	—	—	11,400
Queensland	T/M/P	571	—	—	704	—	—	12,400
Total		861	—	—				
Total Proven and Probable		4,033	286	2,017				

T: Thermal
M: Metallurgical
P: Pulverized Coal Injection Metallurgical

(1) Compliance coal is defined by Phase II of the Clean Air Act as coal having sulfur dioxide content of 1.2 pounds or less per million Btu. Non-compliance coal is defined as coal having sulfur dioxide content in excess of this standard. Electricity generators are able to use coal that exceeds these specifications by using emissions reduction technology, using emissions allowance credits or blending higher sulfur coal with lower sulfur coal.

(2) As-received Btu per pound includes the weight of moisture in the coal on an as sold basis. The range of variability of the moisture content in coal across a given region may affect the actual shipped Btu content of current production from assigned reserves.

(3) Bowie Natural Resources entered into an agreement in 2015 to purchase all of our operations and coal reserves in New Mexico and Colorado. This transaction is expected to close in the first quarter of 2016, subject to the satisfaction of customary closing conditions.

(4) Includes the Wambo Open-Cut Mine and the North Wambo Underground Mine areas.

(5) Represents our 50.0% interest in Middlemount Coal Pty Ltd. (Middlemount), which owns the Middlemount Mine in Queensland, Australia. Because that entity is accounted for as an unconsolidated equity affiliate, 2015, 2014 and 2013 tons produced by Middlemount have been excluded from the "Summary of Coal Production and Sulfur Content of Assigned Reserves" table. Middlemount produced 4.8 million tons of coal in 2015 (on a 100% basis).

(6) Assigned reserves represent recoverable coal reserves that are controlled and accessible at active operations as of December 31, 2015. Unassigned reserves represent coal at currently non-producing locations that would require new mine development, mining equipment or plant facilities before operations could begin on the property.

(7) All coal reserves in Kentucky are leased out to third parties.

Item 3. *Legal Proceedings.*

See Note 24. "Commitments and Contingencies" and Note 25. "Matters Related to the Bankruptcy of Patriot Coal Corporation" to our consolidated financial statements for a description of our pending legal proceedings, which information is incorporated herein by reference.

Item 4. *Mine Safety Disclosures.*

Our "Safety a Way of Life Management System" has been designed to set clear and consistent expectations for safety and health across our business. It aligns to the National Mining Association's CORESafety® framework and encompasses three fundamental areas: leadership and organization, safety and health risk management and assurance. We also partner with other companies and certain governmental agencies to pursue new technologies that have the potential to improve our safety performance and provide better safety protection for employees.

We continually monitor our safety performance and regulatory compliance. The information concerning mine safety violations or other regulatory matters required by SEC regulations is included in Exhibit 95 to this Annual Report on Form 10-K.

PART II

Item 5. *Market for Registrant's Common Equity, Related Stockholder Matters and Issuer Purchases of Equity Securities.*

Our common stock is listed on the New York Stock Exchange, under the symbol "BTU." As of March 8, 2016 there were 950 holders of record of our common stock.

All share and per share data have been retroactively restated to reflect the September 30, 2015 1-for-15 reverse stock split.

The table below sets forth the range of quarterly high and low sales prices (including intraday prices) for our common stock on the New York Stock Exchange and the amount of cash dividends paid per share of our common stock during the calendar quarters indicated.

	Share Price		Dividends
	High	Low	Paid
2015			
First Quarter	$ 123.45	$ 71.40	$ 0.0375
Second Quarter	84.00	28.80	0.0375
Third Quarter	41.10	14.85	—
Fourth Quarter	28.00	7.06	—
2014			
First Quarter	$ 299.10	$ 227.70	$ 1.275
Second Quarter	294.45	236.85	1.275
Third Quarter	250.65	178.20	1.275
Fourth Quarter	186.15	108.45	1.275

Dividend Policy

In connection with our ongoing efforts to manage our cash and preserve liquidity, our Board of Directors suspended our quarterly dividend beginning in the third quarter of 2015. Our Board of Directors will continue to evaluate the appropriate dividend rate over time. The declaration and payment of dividends in the future and the amount of those dividends will depend on our results of operations, financial condition, cash requirements, future prospects, any limitations imposed by our debt covenants and other factors that our Board of Directors may deem relevant to such evaluations. Limitations on our ability to pay dividends imposed by our debt instruments are discussed in Part II, Item 7. “Management’s Discussion and Analysis of Financial Condition and Results of Operations.”

Share Repurchases

On October 24, 2008, we announced that our Board of Directors approved an amendment to the then existing share repurchase program to authorize repurchases of up to $1.0 billion of the then outstanding shares of our common stock (Repurchase Program). The Repurchase Program does not have an expiration date and may be discontinued at any time. Through December 31, 2015, we have repurchased a total of 0.5 million shares under the Repurchase Program at a cost of $299.6 million, leaving $700.4 million available for share repurchases under the Repurchase Program. Repurchases may be made from time to time based on an evaluation of our outlook and general business conditions, as well as alternative investment and debt repayment options. No share repurchases were made under the Repurchase Program during the years ended December 31, 2015, 2014 or 2013.

Limitations on share repurchases imposed by our debt instruments are discussed in Part II, Item 7. "Management's Discussion and Analysis of Financial Condition and Results of Operations."

Share Relinquishments

We routinely allow employees to relinquish common stock to pay estimated taxes upon the vesting of restricted stock and the payout of performance units that are settled in common stock under our equity incentive plans. The value of common stock tendered by employees is determined based on the closing price of our common stock on the dates of the respective relinquishments.

Purchases of Equity Securities

The following table summarizes all share purchases for the three months ended December 31, 2015:

Period	Total Number of Shares Purchased [1]	Average Price per Share	Total Number of Shares Purchased as Part of Publicly Announced Program	Maximum Dollar Value that May Yet Be Used to Repurchase Shares Under the Publicly Announced Program (In millions)
October 1 through October 31, 2015	974	$ 23.70	—	$ 700.4
November 1 through November 30, 2015	240	12.79	—	700.4
December 1 through December 31, 2015	1,210	7.73	—	700.4
Total	2,424	$ 14.65	—	

(1) Represents shares withheld to cover the withholding taxes upon the vesting of restricted stock, which are not a part of the Repurchase Program.

Item 6. *Selected Financial Data.*

This item presents selected financial and other data about us for the most recent five fiscal years.

The table that follows and the discussion of our results of operations in 2015, 2014 and 2013 in Part II, Item 7. “Management’s Discussion and Analysis of Financial Condition and Results of Operations” includes references to and analysis of Adjusted EBITDA, Adjusted (Loss) Income from Continuing Operations and Adjusted Diluted EPS, which are financial measures not recognized in accordance with U.S. generally accepted accounting principles (GAAP). These financial measures are not intended to serve as alternatives to U.S. GAAP measures of performance and may not be comparable to similarly-titled measures presented by other companies.

Adjusted EBITDA is used by management as the primary metric to measure our segments’ operating performance. We also believe non-GAAP performance measures are used by investors to measure our operating performance and lenders to measure our ability to incur and service debt. Adjusted EBITDA is defined as (loss) income from continuing operations before deducting net interest expense, income taxes, asset retirement obligation expense, depreciation, depletion and amortization, asset impairment and mine closure costs, charges for the settlement of claims and litigation related to previously divested operations, changes in deferred tax asset valuation allowance and amortization of basis difference related to equity affiliates. A reconciliation of income (loss) from continuing operations to Adjusted EBITDA is included in this report. Adjusted EBITDA 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.

Adjusted (Loss) Income from Continuing Operations and Adjusted Diluted EPS are defined as (loss) income from continuing operations and diluted earnings per share from continuing operations, respectively, excluding the impacts of asset impairment and mine closure costs and charges for the settlement of claims and litigation related to previously divested operations, net of tax, and the remeasurement of foreign income tax accounts on the company’s income tax provision. The company calculates income tax benefits related to asset impairment and mine closure costs and charges for the settlement of claims and litigation related to previously divested operations based on the enacted tax rate in the jurisdiction in which they have been or will be realized, adjusted for the estimated recoverability of those benefits. Management also believes that excluding the impact of the remeasurement of foreign income tax accounts represents a meaningful indicator of the company's ongoing effective tax rate.

Reconciliations of Adjusted EBITDA, Adjusted (Loss) Income from Continuing Operations and Adjusted Diluted EPS to their most comparable measures under U.S. GAAP are included below.

The selected financial data for all periods presented reflect the classification as discontinued operations of certain operations previously divested (by sale or otherwise).

On October 26, 2011, we acquired Macarthur Coal Limited (PEA-PCI). Our results of operations include PEA-PCI's results of operations from that date.

We have derived the selected historical financial data as of and for the years ended December 31, 2015, 2014, 2013, 2012 and 2011 from our audited financial statements, adjusted retrospectively for items subsequently classified as discontinued operations and the implementation of certain accounting literature. Also, all share and per share data have been retroactively restated to reflect the September 30, 2015 1-for-15 reverse stock split. The following table should be read in conjunction with the accompanying financial statements, including the related notes to those financial statements, and Part II, Item 7. “Management’s Discussion and Analysis of Financial Condition and Results of Operations.”

The results of operations for the historical periods included in the following table are not necessarily indicative of the results to be expected for future periods. In addition, Part I, Item 1A. "Risk Factors" of this report includes a discussion of risk factors that could impact our future results of operations.

	Year Ended December 31,				
	2015	2014	2013	2012	2011
	(In millions, except per share data)				
Results of Operations Data					
Total revenues	$ 5,609.2	$ 6,792.2	$ 7,013.7	$ 8,077.5	$ 7,895.9
Costs and expenses	7,074.0	6,927.3	7,338.5	7,905.0	6,300.2
Operating (loss) profit	(1,464.8)	(135.1)	(324.8)	172.5	1,595.7
Interest expense, net	525.5	412.8	409.5	381.1	219.7
(Loss) income from continuing operations before income taxes	(1,990.3)	(547.9)	(734.3)	(208.6)	1,376.0
Income tax (benefit) provision	(176.4)	201.2	(448.3)	262.3	363.2
(Loss) income from continuing operations, net of income taxes	(1,813.9)	(749.1)	(286.0)	(470.9)	1,012.8
Loss from discontinued operations, net of income taxes	(175.0)	(28.2)	(226.6)	(104.2)	(66.5)
Net (loss) income	(1,988.9)	(777.3)	(512.6)	(575.1)	946.3
Less: Net income (loss) attributable to noncontrolling interests	7.1	9.7	12.3	10.6	(11.4)
Net (loss) income attributable to common stockholders	$ (1,996.0)	$ (787.0)	$ (524.9)	$ (585.7)	$ 957.7
Basic EPS - (Loss) income from continuing operations	$ (100.34)	$ (42.52)	$ (16.80)	$ (26.95)	$ 56.74
Diluted EPS - (Loss) income from continuing operations	$ (100.34)	$ (42.52)	$ (16.80)	$ (26.95)	$ 56.50
Weighted average shares used in calculating basic EPS	18.1	17.9	17.8	17.9	17.9
Weighted average shares used in calculating diluted EPS	18.1	17.9	17.8	17.9	18.0
Dividends declared per share	$ 0.075	$ 5.100	$ 5.100	$ 5.100	$ 5.100
Other Data					
Tons sold	228.8	249.8	251.7	248.5	249.4
Net cash provided by (used in) continuing operations:					
Operating activities	$ 18.9	$ 441.0	$ 780.1	$ 1,599.8	$ 1,652.1
Investing activities	(290.0)	(314.5)	(514.2)	(1,070.1)	(3,737.2)
Financing activities	267.7	(168.1)	(321.5)	(663.3)	1,678.5
Adjusted EBITDA	434.6	814.0	1,047.2	1,836.5	2,122.6
Adjusted (Loss) Income from Continuing Operations	(611.9)	(597.4)	104.5	238.7	1,011.9
Adjusted Diluted EPS	$ (34.11)	$ (34.03)	$ 5.12	$ 12.64	$ 56.45
Balance Sheet Data (at period end)					
Total assets	$ 11,021.3	$ 13,191.1	$ 14,133.4	$ 15,809.0	$ 16,733.0
Total long-term debt (including capital leases)	6,315.6	5,986.8	6,002.4	6,252.9	6,657.5
Total stockholders' equity	918.5	2,726.5	3,947.9	4,938.8	5,515.8

Adjusted EBITDA is calculated as follows:

	Year Ended December 31,				
	2015	2014	2013	2012	2011
	(Dollars in millions)				
(Loss) income from continuing operations, net of income taxes	$ (1,813.9)	$ (749.1)	$ (286.0)	$ (470.9)	$ 1,012.8
Depreciation, depletion and amortization	572.2	655.7	740.3	663.4	474.3
Asset retirement obligation expenses	45.5	81.0	66.5	67.0	52.6
Asset impairment and mine closure costs	1,277.8	154.4	528.3	929.0	—
Settlement charges related to the Patriot bankruptcy reorganization	—	—	30.6	—	—
Change in deferred tax asset valuation allowance related to equity affiliates	(1.0)	52.3	—	—	—
Amortization of basis difference related to equity affiliates	4.9	5.7	6.3	4.6	—
Interest expense, net	525.5	412.8	409.5	381.1	219.7
Income tax (benefit) provision	(176.4)	201.2	(448.3)	262.3	363.2
Adjusted EBITDA	$ 434.6	$ 814.0	$ 1,047.2	$ 1,836.5	$ 2,122.6

Adjusted (Loss) Income from Continuing Operations is calculated as follows:

	Year Ended December 31,				
	2015	2014	2013	2012	2011
	(Dollars in millions)				
(Loss) income from continuing operations, net of income taxes	$ (1,813.9)	$ (749.1)	$ (286.0)	$ (470.9)	$ 1,012.8
Asset impairment and mine closure costs	1,277.8	154.4	528.3	929.0	—
Settlement charges related to the Patriot bankruptcy reorganization	—	—	30.6	—	—
Income tax benefit related to asset impairment and mine closure costs	(75.3)	—	(112.8)	(227.3)	—
Income tax benefit related to the settlement charges related to the Patriot bankruptcy reorganization	—	—	(11.3)	—	—
Remeasurement (benefit) expense related to foreign income tax accounts	(0.5)	(2.7)	(44.3)	7.9	(0.9)
Adjusted (Loss) Income from Continuing Operations	$ (611.9)	$ (597.4)	$ 104.5	$ 238.7	$ 1,011.9

Adjusted Diluted EPS is calculated as follows:

	Year Ended December 31,				
	2015	2014	2013	2012	2011
Diluted EPS - (Loss) income from continuing operations	$ (100.34)	$ (42.52)	$ (16.80)	$ (26.95)	$ 56.50
Asset impairment and mine closure costs, net of income taxes	66.26	8.63	23.34	38.91	—
Settlement charges related to the Patriot bankruptcy reorganization, net of income taxes	—	—	1.08	—	—
Remeasurement (benefit) expense related to foreign income tax accounts	(0.03)	(0.14)	(2.50)	0.68	(0.05)
Adjusted Diluted EPS	$ (34.11)	$ (34.03)	$ 5.12	$ 12.64	$ 56.45

Item 7. *Management's Discussion and Analysis of Financial Condition and Results of Operations.*

Overview

We are the world's largest private sector coal company (by volume). As of December 31, 2015, we owned interests in 26 active coal mining operations located in the United States (U.S.) and Australia. We have a majority interest in 25 of those mining operations and a 50% equity interest in Middlemount Coal Pty Ltd (Middlemount), which owns the Middlemount Mine in Queensland, Australia. In addition to our mining operations, we market and broker coal from other coal producers, both as principal and agent, and trade coal and freight-related contracts through trading and business offices in Australia, China, Germany, India, the United Kingdom and the U.S. (listed alphabetically).

In 2015, we produced and sold 208.7 million and 228.8 million tons of coal, respectively, from continuing operations. During that period, 78% of our total sales (by volume) were to U.S. electricity generators, 21% were to customers outside the U.S. and 1% were to the U.S. industrial sector, with approximately 88% of our worldwide sales (by volume) delivered under long-term contracts.

During the second quarter of 2015, we elected a new chief executive officer, who is also considered our chief operating decision maker (CODM). Due to that change, we have updated our reportable segments to reflect the manner in which our new CODM views our businesses for purposes of reviewing performance, allocating resources and assessing future prospects and strategic execution. We now report our results of operations primarily through the following reportable segments: "Powder River Basin Mining," "Midwestern U.S. Mining," "Western U.S. Mining," "Australian Metallurgical Mining," "Australian Thermal Mining," "Trading and Brokerage" and "Corporate and Other." Periods presented in this document have been recast for comparability.

The principal business of our mining segments in the U.S. is the mining, preparation and sale of thermal coal, sold primarily to electric utilities in the U.S. under long-term contracts, with a portion sold into the seaborne markets as market conditions warrant. Our Powder River Basin Mining operations consist of our mines in Wyoming. The mines in that segment are characterized by surface mining extraction processes, coal with a lower sulfur content and Btu and higher customer transportation costs (due to longer shipping distances). Our Midwestern U.S. Mining operations reflect our Illinois and Indiana mining operations, which are characterized by a mix of surface and underground mining extraction processes, coal with a higher sulfur content and Btu and lower customer transportation costs (due to shorter shipping distances). Our Western U.S. Mining operations reflect the aggregation of the New Mexico, Arizona and Colorado mining operations. The mines in that segment are characterized by a mix of surface and underground mining extraction processes, coal with a lower sulfur content and Btu and generally higher customer transportation costs (due to longer shipping distances). Geologically, our Powder River Basin operations mine sub-bituminous coal deposits, our Midwestern operations mine bituminous coal deposits and our Western operations mine both bituminous and sub-bituminous coal deposits.

The business of our Australian operating platform is primarily export focused with customers spread across several countries, while a portion of the coal is sold within Australia. Generally, revenues from individual countries vary year by year based on electricity demand, the strength of the global economy, governmental policies and several other factors, including those specific to each country. Our Australian Metallurgical Mining operations consist of mines in Queensland and New South Wales. The mines in that segment are characterized by both surface and underground extraction processes used to mine various qualities of metallurgical coal (low-sulfur, high Btu coal). The metallurgical coal qualities include hard coking coal, semi-hard coking coal, semi-soft coal and pulverized coal injection coal. Our Australian Thermal Mining operations predominantly consist of mines in New South Wales, Australia. The mines in that segment are characterized by both surface and underground extraction processes used to mine low-sulfur, high Btu thermal coal. We classify our Australian mines within the Australian Metallurgical Mining or Australian Thermal Mining segments based on the primary customer base and coal reserve type of each mining operation. A small portion of the coal mined by the Australian Metallurgical Mining segment is of a thermal grade. Similarly, a small portion of the coal mined by the Australian Thermal Mining segment is of a metallurgical grade. Additionally, we may market some of our metallurgical coal products as a thermal coal product from time to time depending on market conditions.

Our Trading and Brokerage segment engages in the direct and brokered trading of coal and freight-related contracts through the trading and business offices mentioned above. Coal brokering is conducted both as principal and agent in support of various coal production-related activities that may involve coal produced from our mines, coal sourcing arrangements with third-party mining companies or offtake agreements with other coal producers. Our Trading and Brokerage segment also provides transportation-related services, which involves both financial derivative contracts and physical contracts. Collectively, coal and freight-related hedging activities include both economic hedging and cash flow hedging in support of our coal trading strategy, and cash flow hedging in support of sales from our mining operations.

Our seventh segment, Corporate and Other, includes selling and administrative expenses, corporate hedging activities, mining and export/transportation joint ventures, restructuring charges and activities associated with the optimization of our coal reserve and real estate holdings, minimum charges on certain transportation-related contracts, the closure of inactive mining sites and certain energy-related commercial matters.

As discussed more fully in Part I, Item 1A. “Risk Factors,” our results of operations in the near term could be negatively impacted by our indebtedness, weather conditions, the commodity price of coal, cost of competing fuels, availability of transportation for coal shipments, labor relations, unforeseen geologic conditions or equipment problems at mining locations and adverse changes in economic conditions in the regions in which we sell coal. On a long-term basis, our results of operations could be impacted by our ability to secure or acquire high-quality coal reserves, find replacement buyers for coal under contracts with comparable terms to existing contracts, competition from other fuel sources or the passage of new or expanded regulations that could limit our ability to mine, increase our mining costs or limit our customers’ ability to utilize coal as fuel for electricity generation. In the past, we have achieved production levels that are relatively consistent with our projections. We may adjust our future production levels in response to changes in market demand.

Results of Operations

Going Concern

We incurred a substantial loss from operations and had negative cash flows from operating activities for the year ended December 31, 2015. Our current operating plan indicates that we will continue to incur losses from operations and generate negative cash flows from operating activities. These projections and other liquidity risks raise substantial doubt about whether we will meet our obligations as they become due within one year after the date of this report. We have also elected to exercise the 30-day grace period with respect to a $21.1 million semi-annual interest payment due March 15, 2016 on the 6.50% Senior Notes due September 2020 and a $50.0 million semi-annual interest payment due March 15, 2016 on the 10.00% Senior Secured Second Lien Notes due March 2022, as provided for in the indentures governing these notes. Failure to pay these interest amounts on March 15, 2016 is not immediately an event of default under the indentures governing these notes, but would become an event of default if the payment is not made within 30 days of such date. As a result of these factors, as well as the continued uncertainty around global coal fundamentals, the stagnated economic growth of certain major coal-importing nations, and the potential for significant additional regulatory requirements imposed on coal producers, among other matters, there exists substantial doubt whether we will be able to continue as a going concern.

The accompanying consolidated financial statements are prepared on a going concern basis and do not include any adjustments that might result from uncertainty about our ability to continue as a going concern, other than the reclassification of certain long-term debt and the related debt issuance costs to current liabilities and current assets, respectively. The report from our independent registered public accounting firm on our consolidated financial statements for the year ended December 31, 2015 includes an uncertainty paragraph that summarizes the salient facts or conditions that raise substantial doubt about our ability to continue as a going concern.

Our 2013 Credit Facility and its related governing documents contain requirements (as more fully described under "Risks Associated with Our Indebtedness" below) that, among other things, require us to comply with certain financial covenants and furnish our audited financial statements as soon as available, but in any event within 90 days after the fiscal year end without a “going concern” uncertainty paragraph in the auditor’s opinion. Our consolidated financial statements for the year ended December 31, 2015 included herein contain a "going concern" uncertainty paragraph. In addition, we currently anticipate that our reported Adjusted EBITDA and other sources of earnings or adjustments used to calculate Consolidated EBITDA (if such other sources of earnings or adjustments do not include the proceeds of certain targeted asset sales) will fall below our Consolidated Net Cash Interest Charges during 2016, and we anticipate we will not comply with our financial covenants as of March 31, 2016. Absent waivers or cures, non-compliance with such covenants would constitute a default under the 2013 Credit Facility. As a result, all indebtedness under the 2013 Credit Facility could be declared immediately due and payable upon the occurrence of an event of default (after the expiration of any applicable grace period). It is possible we could obtain waivers from our lenders; however, the aforementioned projections and certain liquidity risks raise substantial doubt about whether we will meet our obligations as they become due within one year after the date of issuance of this report.

We are currently exploring alternatives for other sources of capital for ongoing liquidity needs and transactions to enhance our ability to comply with the financial covenants under our 2013 Credit Facility. We are working to improve our operating performance and our cash, liquidity and financial position. This includes: pursuing the sale of non-strategic surplus land and coal reserves as well as existing mines, particularly the sale of our El Segundo and Lee Ranch coal mines and related assets located in New Mexico and our Twentymile Mine in Colorado; continuing to drive cost improvements across the company, attempting to negotiate alternative payment terms with creditors; maintaining our current level of self-bonding and/or replacing self-bonding with other financial instruments on reasonable terms; evaluating potential debt buybacks, debt exchanges and new financing to improve our liquidity and reduce our financial obligations; and obtaining waivers of going concern and financial covenant violations under the 2013 Credit Facility. We have engaged financial and other advisors to assist us in those efforts.

However, there can be no assurance that management's plan to improve our operating performance and financial position will be successful or that we will be able to obtain additional financing on commercially reasonable terms or at all. As a result, our liquidity and ability to timely pay our obligations when due could be adversely affected. Furthermore, our creditors may resist renegotiation or lengthening of payment and other terms through legal action or otherwise. If we are not able to timely, successfully or efficiently implement the strategies that we are pursuing to improve our operating performance and financial position, obtain alternative sources of capital or otherwise meet our liquidity needs, we may need to voluntarily seek protection under Chapter 11 of the U.S. Bankruptcy Code.

Reverse Stock Split

Pursuant to the authorization provided at a special meeting of our stockholders held on September 16, 2015, we completed a 1-for-15 reverse stock split of the shares of our common stock on September 30, 2015 (the Reverse Stock Split). As a result of the Reverse Stock Split, every 15 shares of issued and outstanding common stock were combined into one issued and outstanding share of Common Stock, without any change in the par value per share. Our common stock began trading on a reverse stock split-adjusted basis on the New York Stock Exchange on October 1, 2015. All share and per share data included in this report has been retroactively restated to reflect the Reverse Stock Split.

Non-U.S. GAAP Financial Measures

The following discussion of our results of operations includes references to and analysis of Adjusted EBITDA, Adjusted (Loss) Income from Continuing Operations and Adjusted Diluted EPS, which are financial measures not recognized in accordance with U.S. generally accepted accounting principles (GAAP). These financial measures are not intended to serve as alternatives to U.S. GAAP measures of performance and may not be comparable to similarly-titled measures presented by other companies.

Adjusted EBITDA is used by management as the primary metric to measure our segments' operating performance. We also believe non-GAAP performance measures are used by investors to measure our operating performance and lenders to measure our ability to incur and service debt. Adjusted EBITDA is defined as (loss) income from continuing operations before deducting net interest expense, income taxes, asset retirement obligation expense, depreciation, depletion and amortization, asset impairment and mine closure costs, charges for the settlement of claims and litigation related to previously divested operations, changes in deferred tax asset valuation allowance and amortization of basis difference related to equity affiliates. A reconciliation of income (loss) from continuing operations to Adjusted EBITDA is included in this report. Adjusted EBITDA 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.

Adjusted (Loss) Income from Continuing Operations and Adjusted Diluted EPS are defined as (loss) income from continuing operations and diluted earnings per share from continuing operations, respectively, excluding the impacts of asset impairment and mine closure costs and charges for the settlement of claims and litigation related to previously divested operations, net of tax, and the remeasurement of foreign income tax accounts on the company's income tax provision. The company calculates income tax benefits related to asset impairment and mine closure costs and charges for the settlement of claims and litigation related to previously divested operations based on the enacted tax rate in the jurisdiction in which they have been or will be realized, adjusted for the estimated recoverability of those benefits. Management also believes that excluding the impact of the remeasurement of foreign income tax accounts represents a meaningful indicator of the company's ongoing effective tax rate.

A reconciliation of Adjusted EBITDA to its most comparable measure under U.S. GAAP is included in Note 27. "Segment and Geographic Information" of the consolidated financial statements, which information is incorporated herein by reference. Adjusted (Loss) Income from Continuing Operations and Adjusted Diluted EPS are reconciled to their most comparable measures under U.S. GAAP in the sections that follow.

Year Ended December 31, 2015 Compared to Year Ended December 31, 2014

Summary

Demand for seaborne metallurgical coal for the year ended December 31, 2015 was adversely impacted by a 2.5% decrease in worldwide steel production compared to the prior year, according to data recently published by the World Steel Association (WSA). Policy measures in China aimed toward supporting the domestic coal industry also limited imports into China during 2015. Such measures, along with a lack of growth in global electricity generation from coal also hampered demand for seaborne thermal coal in 2015.

These adverse demand factors and the impact of excess met and thermal supply have continued to weigh on international coal prices. Benchmark pricing for seaborne premium high quality hard coking coal (HQHCC), premium low volatile pulverized coal injections products (LV PCI) and thermal coal originating from Newcastle, Australia (NEWC) for the first, second, and third quarters of 2015 and 2014 were as follows (on a per tonne basis):

Contract Commencement Month:	HQHCC		Increase (Decrease) to Prices %	LV PCI		Increase (Decrease) to Prices %	NEWC		Increase (Decrease) to Prices %
	2015	2014		2015	2014		2015	2014	
January	$ 117	$ 143	(18)%	$ 99	$ 116	(15)%	$ 70	$ 87	(20)%
April	$ 110	$ 120	(8)%	$ 93	$ 100	(7)%	$ 68	$ 82	(17)%
July	$ 93	$ 120	(23)%	$ 73	$ 100	(27)%	$ 68	$ 76	(11)%
October	$ 89	$ 119	(25)%	$ 71	$ 99	(28)%	$ 65	$ 74	(12)%

In the U.S., electricity generation from coal decreased 13% during the year ended December 31, 2015 compared to 2014, according to the U.S. Energy Information Administration (EIA). U.S. electricity generation from coal was unfavorably affected during that period by coal-to-gas switching due to relatively lower natural gas prices and lower heating-degree days due to mild winter weather. Production in the U.S. Powder River Basin was also impacted by higher-than-average rainfall in the second quarter of 2015, which further contributed, along with the above factors, to a decrease in sales volumes in our total U.S. mining platform of 7% for the year ended December 31, 2015 compared to the prior year.

Our revenues decreased during the year ended December 31, 2015 compared to the prior year ($1,183.0 million) primarily due to lower realized pricing and lower sales volumes driven by the demand and production factors mentioned above.

To mitigate the impact of lower coal pricing, we have continued to drive operational efficiencies, optimize production across our mining platform and control expenses at all operational and administrative levels of the organization, which has led to year-over-year decreases in our operating costs and expenses ($709.2 million) and selling and administrative expenses ($50.7 million). Also included in operating results for the year ended December 31, 2015 were aggregate restructuring charges of $23.5 million, recognized in connection with certain actions initiated to reduce headcount and costs at several operating sites in Australia and to amend our administrative organizational structure, which actions are expected to improve our cost position moving forward.

Overall, Adjusted EBITDA of $434.6 million for the year ended December 31, 2015 reflected a year-over-year decrease of $379.4 million. Net results attributable to common stockholders decreased for the the year ended December 31, 2015 compared to the prior year by $1,209.0 million. In addition to lower Adjusted EBITDA, those results also reflected an adverse impact from asset impairment charges and unfavorable results from discontinued operations. Those factors were partially offset by a favorable income tax variance.

As mentioned above, we recognized material impairments during the year ended December 31, 2015 ($1,277.8 million). Additional information surrounding those charges may be found in Note 2. "Asset Impairment" to the accompanying consolidated financial statements as of December 31, 2015.

As of December 31, 2015, our available liquidity was approximately $1.2 billion, in line with the prior year. Refer to the "Liquidity and Capital Resources" section contained within this Item 7 for further discussion of factors affecting our available liquidity.

Tons Sold

The following table presents tons sold by operating segment for the years ended December 31, 2015 and 2014:

	Year Ended December 31,		Increase (Decrease) to Tons Sold	
	2015	2014	Tons	%
	(Tons in millions)			
Australian Metallurgical	15.7	17.2	(1.5)	(8.7)%
Australian Thermal	20.1	21.0	(0.9)	(4.3)%
Powder River Basin Mining	138.8	142.6	(3.8)	(2.7)%
Western U.S. Mining	17.9	23.8	(5.9)	(24.8)%
Midwestern U.S. Mining	21.2	25.0	(3.8)	(15.2)%
Total tons sold from mining segments	213.7	229.6	(15.9)	(6.9)%
Trading and Brokerage	15.1	20.2	(5.1)	(25.2)%
Total tons sold	228.8	249.8	(21.0)	(8.4)%

Revenues

The following table presents revenues by operating segment for the years ended December 31, 2015 and 2014:

	Year Ended December 31,		Increase (Decrease) to Revenues	
	2015	2014	$	%
	(Dollars in millions)			
Australian Metallurgical	$ 1,181.9	$ 1,613.8	$ (431.9)	(26.8)%
Australian Thermal	823.5	1,058.0	(234.5)	(22.2)%
Powder River Basin Mining	1,865.9	1,922.9	(57.0)	(3.0)%
Western U.S. Mining	682.3	902.8	(220.5)	(24.4)%
Midwestern U.S. Mining	981.2	1,198.1	(216.9)	(18.1)%
Trading and Brokerage	42.8	58.4	(15.6)	(26.7)%
Corporate and Other	31.6	38.2	(6.6)	(17.3)%
Total revenues	$ 5,609.2	$ 6,792.2	$ (1,183.0)	(17.4)%

Australia Metallurgical Mining. The decrease in our Australian Metallurgical Mining segment revenues for the year ended December 31, 2015 compared to the prior year was driven by lower realized coal prices ($279.9 million) and the unfavorable impact of changes in volume and mix ($152.0 million). The volume decrease reflected lower sales volumes from our Burton Mine due to an amended agreement with the contract miner reached in the second half of 2014 that provided for reduced production from the site and the exhaustion of reserves at our Eaglefield Mine in the fourth quarter of 2014. Those negative volume drivers were partially offset by increased production and yield at our Millennium and North Goonyella Mines.

Australia Thermal Mining. The decrease in our Australian Thermal Mining segment revenues for the year ended December 31, 2015 compared to the prior year was primarily driven by lower realized coal prices ($176.0 million) and the unfavorable impact of changes in volume and mix ($58.5 million) as demand for seaborne thermal coal declined. The decrease in tons sold reflected the unfavorable production impact of weather-related adverse mining conditions and mine sequencing at our surface operations.

Powder River Basin Mining. The decrease in Powder River Basin Mining segment revenues for the year ended December 31, 2015 compared to the prior year was largely driven by a 3.8 million ton reduction in sales volume as realized coal prices were flat. The decline in volume reflected the impacts on customer demand of low natural gas prices and a decrease in heating-degree days during the winter months, as well as production difficulties caused by severe rains and pit flooding, primarily in the second quarter.

Western U.S. Mining. The decrease in Western U.S. Mining segment revenues for the year ended December 31, 2015 compared to the prior year was driven by an unfavorable volume and mix variance ($232.7 million) primarily due to lower market demand and a lack of export opportunities at current coal pricing. The effect of lower volumes was partially offset by slightly higher realized coal pricing ($12.2 million) on improved customer mix.

Midwestern U.S. Mining. Revenues from our Midwestern U.S. Mining segment were adversely impacted during the year ended December 31, 2015 compared to the prior year by unfavorable volume and mix variance ($180.1 million) driven by market demand due to lower natural gas prices and transition of production from our Gateway Mine to our new Gateway North Mine in the fourth quarter of 2015. Revenues for the segment were also impacted by lower realized coal pricing ($36.8 million) due to the effect of contract price re-openers and the renewal of sales contracts at less favorable prices.

Trading and Brokerage. The decline in Trading and Brokerage segment revenues for the year ended December 31, 2015 compared to the prior year reflected lower physical volumes shipped due to the opportunity-limiting impact of depressed coal market pricing, partially offset by improved mark-to-market earnings from financial contract trading.

Segment Adjusted EBITDA

The following table presents Segment Adjusted EBITDA for the years ended December 31, 2015 and 2014:

	Year Ended December 31,		Increase (Decrease) to Segment Adjusted EBITDA	
	2015	2014	$	%
	(Dollars in millions)			
Australian Metallurgical	$ (18.2)	$ (151.1)	$ 132.9	88.0 %
Australian Thermal	193.6	264.1	(70.5)	(26.7)%
Powder River Basin Mining	482.9	509.0	(26.1)	(5.1)%
Western U.S. Mining	184.6	266.9	(82.3)	(30.8)%
Midwestern U.S. Mining	269.7	306.9	(37.2)	(12.1)%
Trading and Brokerage	27.0	14.9	12.1	81.2 %
Total Segment Adjusted EBITDA	$ 1,139.6	$ 1,210.7	$ (71.1)	(5.9)%

Australian Metallurgical Mining. The improvement in Australian Metallurgical Mining segment Adjusted EBITDA during the year ended December 31, 2015 compared to the prior year reflected (1) the impact of exchange rate movements ($239.5 million), (2) favorable cost performance from our surface mining operations driven by an amended agreement with the contract miner at the Burton Mine reached in the second half of 2014 and the owner-operator conversion of our Moorvale Mine completed at the end of the third quarter of 2014 ($81.2 million), (3) lower diesel fuel prices ($49.8 million), and (4) improved longwall performance from our underground mines driven by longwall top coal caving technology issues experienced at our North Goonyella Mine in the prior year ($41.1 million). The above factors were partially offset by lower coal pricing, net of sales-related costs ($260.3 million).

Australian Thermal Mining. The decrease in Australian Thermal Mining segment Adjusted EBITDA during the year ended December 31, 2015 compared to the prior year reflected lower coal pricing, net of sales-related costs ($161.5 million) and lower production due to mine sequencing at our Wilpinjong Mine ($67.7 million). Those adverse factors were partially offset by the net impact of exchange rate movements ($133.0 million) and lower fuel pricing ($21.5 million).

Powder River Basin Mining. The decrease in Powder River Basin Mining segment Adjusted EBITDA during the year ended December 31, 2015 compared to the prior year was driven by a decline in sales volume ($42.8 million) and costs associated with higher overburden ratios due to mine sequencing ($11.0 million). Those negative factors were partially offset by the favorable net impact from the pricing and usage of fuel and explosives ($31.4 million).

Western U.S. Mining. The decrease in Western U.S. Mining segment Adjusted EBITDA during the year ended December 31, 2015 compared to the prior year was driven by a decline in volume ($88.7 million) and costs associated with higher overburden ratios due to mine sequencing ($8.3 million), partially offset by favorable fuel pricing ($13.6 million).

Midwestern U.S. Mining. The decrease in Midwestern U.S. Mining segment Adjusted EBITDA for the year ended December 31, 2015 compared to the prior year was driven by a decline in volumes ($60.8 million), lower realized coal prices, net of sales-related costs ($34.2 million), and costs associated with higher overburden ratios at certain of our surface mines due to mine sequencing ($15.2 million). These adverse factors were partially offset by lower fuel pricing ($38.8 million) and reduced year-over-year expenditures related to materials and supplies, labor and other operations support spending from ongoing cost containment initiatives ($33.3 million).

Trading and Brokerage. The increase in Trading and Brokerage segment Adjusted EBITDA during the year ended December 31, 2015 compared to the prior year reflected the impact of damages awarded in the first quarter of 2014 relating to the Eagle Mining, LLC (Eagle) arbitration and the settlement of the matter reached in the third quarter of 2015, in addition to improved mark-to-market earnings on financial contract trading. Refer to Note 24. "Commitments and Contingencies" to the accompanying consolidated financial statements for additional information related to the Eagle matter.

Loss From Continuing Operations Before Income Taxes

The following table presents loss from continuing operations before income taxes for the years ended December 31, 2015 and 2014:

	Year Ended December 31,		Increase (Decrease) to Income	
	2015	2014	$	%
	(Dollars in millions)			
Total Segment Adjusted EBITDA	$ 1,139.6	$ 1,210.7	$ (71.1)	(5.9)%
Corporate and Other Adjusted EBITDA	(705.0)	(396.7)	(308.3)	(77.7)%
Subtotal - Adjusted EBITDA	434.6	814.0	(379.4)	46.6 %
Depreciation, depletion and amortization	(572.2)	(655.7)	83.5	12.7 %
Asset retirement obligation expenses	(45.5)	(81.0)	35.5	43.8 %
Asset impairment	(1,277.8)	(154.4)	(1,123.4)	(727.6)%
Change in deferred tax asset valuation allowance related to equity affiliates	1.0	(52.3)	53.3	101.9 %
Amortization of basis difference related to equity affiliates	(4.9)	(5.7)	0.8	14.0 %
Interest expense	(465.4)	(426.6)	(38.8)	(9.1)%
Loss on early debt extinguishment	(67.8)	(1.6)	(66.2)	(4,137.5)%
Interest income	7.7	15.4	(7.7)	(50.0)%
Loss from continuing operations before income taxes	$ (1,990.3)	$ (547.9)	$ (1,442.4)	(263.3)%

Results from continuing operations before income taxes for the year ended December 31, 2015 declined compared to the prior year primarily due to higher asset impairment charges and lower Corporate and Other Adjusted EBITDA (discussed below). Refer to Note 2. "Asset Impairment" to the accompanying consolidated financial statements for further information regarding the nature and composition of impairment charges.

Corporate and Other Adjusted EBITDA. The following table presents a summary of the components of Corporate and Other Adjusted EBITDA for the years ended December 31, 2015 and 2014:

	Year Ended December 31,		Increase (Decrease) to Income	
	2015	2014	$	%
	(Dollars in millions)			
Resource management activities (1)	$ 32.2	$ 30.9	$ 1.3	4.2 %
Selling and administrative expenses	(176.4)	(227.1)	50.7	22.3 %
Restructuring and pension settlement costs	(23.5)	(26.0)	2.5	9.6 %
Corporate hedging	(436.8)	(49.6)	(387.2)	(780.6)%
Other items, net (2)	(100.5)	(124.9)	24.4	19.5 %
Corporate and Other Adjusted EBITDA	$ (705.0)	$ (396.7)	$ (308.3)	(77.7)%

(1) Includes gains (losses) on certain surplus coal reserve and surface land sales and property management costs and revenues.

(2) Includes results from equity affiliates (before the impact of related changes in deferred tax asset valuation allowance and amortization of basis difference), costs associated with post mining activities, and minimum charges on certain transportation-related contracts.

Resource management earnings increased slightly during the year ended December 31, 2015 compared to the prior year due to increased gains from the disposal of non-core assets, primarily from surplus lands in the Midwestern U.S. The significant reduction in selling and administrative expenses during the year ended December 31, 2015 compared to the prior year largely reflected the impact of our ongoing cost containment efforts. The decrease in restructuring and pension settlement costs during the year ended December 31, 2015 compared to the prior year was driven by a lump sum payout option offered to certain qualifying participants of one of our plans in 2014, partially offset by an increase in voluntary and involuntary workforce reduction activity in 2015 related to our ongoing repositioning efforts to appropriately align our cost structure relative to prevailing global coal industry conditions. The unfavorable variance associated with corporate hedging results, which includes foreign currency and commodity hedging, resulted from the year-over-year weakening of the Australian dollar and decrease in fuel prices. The improvement in "Other items, net" during the year ended 2015 compared to the prior year reflected improved Middlemount results, as lower foreign currency rates and operational improvements at the mine more than outpaced the effect of lower coal pricing, offset by higher minimum charges on certain transportation-related contracts.

Depreciation, Depletion and Amortization. The following table presents a summary of depreciation, depletion and amortization expense by segment for the years ended December 31, 2015 and 2014:

	Year Ended December 31,		Increase (Decrease) to Income	
	2015	2014	$	%
	(Dollars in millions)			
Australian Metallurgical	$ (178.9)	$ (221.5)	$ 42.6	19.2%
Australian Thermal	(108.0)	(118.9)	10.9	9.2%
Powder River Basin Mining	(138.5)	(146.4)	7.9	5.4%
Western U.S. Mining	(55.3)	(66.6)	11.3	17.0%
Midwestern U.S. Mining	(69.0)	(69.6)	0.6	0.9%
Trading and Brokerage	(0.6)	(1.2)	0.6	50.0%
Corporate and Other	(21.9)	(31.5)	9.6	30.5%
Total	$ (572.2)	$ (655.7)	$ 83.5	12.7%

Additionally, the following table presents a summary of our weighted-average depletion rate per ton for active mines in each of our mining segments for the years ended December 31, 2015 and 2014:

	Year Ended December 31,	
	2015	2014
Australian Metallurgical	$ 5.27	$ 4.86
Australian Thermal	2.51	3.09
Powder River Basin Mining	0.69	0.70
Western U.S. Mining	0.93	0.94
Midwestern U.S. Mining	0.45	0.46

The decrease in depreciation, depletion and amortization expense during the year ended December 31, 2015 compared to the prior year reflected lower sales volumes from our mining platform. Depreciation, depletion and amortization was also impacted compared to the prior year by a reduction in the asset bases at several of our mines due to impairment charges recognized during the second quarter of 2015 and the fourth quarter of 2014. Refer to Note 2. "Asset Impairment" to the accompanying consolidated financial statements for further information regarding these impairments. These factors were slightly offset by additional depreciation related to assets placed into service in the fourth quarter of 2015 in connection with our new Gateway North Mine.

Asset Retirement Obligation Expenses. The decrease in asset retirement obligation expenses during the year ended December 31, 2015 compared to the prior year was driven by an asset retirement obligation liability of $22.2 million recorded in the fourth quarter of 2014 due to the nonperformance of a contract miner at a coal reserve property in the Eastern U.S. Because mining operations have ceased at that operation, a corresponding charge for the full amount of the liability was recorded to “Asset retirement obligation expenses” in the consolidated statement of operations during 2014. The year-over-year decrease in 2015 also reflected lower amortization that results from an overall decrease in tons sold across our mining segments and lower expense for ongoing reclamation in certain U.S. regions due to a reduction in affected acreage.

Asset Impairment. We recognized $1,277.8 million and $154.4 million in aggregate asset impairment charges during the years ended December 31, 2015 and 2014, respectively. Refer to Note 2. "Asset Impairment" to the accompanying consolidated financial statements for further information regarding the nature and composition of those charges, which information is incorporated herein by reference.

Change in Deferred Tax Asset Valuation Allowance Related to Equity Affiliates. During the year ended December 31, 2014, we recognized a $52.3 million charge for our pro-rata share of a valuation allowance on Middlemount's Australian net deferred tax assets. Based on available sources of taxable income, we determined that the net deferred tax assets are no longer considered more likely than not of being realized. That conclusion was driven by a recent history of operating losses, as sustained weakness in seaborne metallurgical coal prices have more than offset a successful owner-operator conversion completed in 2013 and an ongoing series of operational efficiency initiatives conducted at the site that have improved the mine's cost structure.

Interest Expense. The increase in interest expense for the year ended December 31, 2015 compared to the prior year reflected higher interest rates, as compared with previously outstanding debt, related to the $1.0 billion aggregate principal amount of 10.00% Senior Secured Second Lien Notes due March 2022 (the Senior Secured Second Lien Notes) issued in March 2015 and higher overall debt levels and costs associated with additional letters of credit that were issued in 2015. Those factors were partially offset by lower interest charges recognized in 2015 for litigation matters primarily due to charges recorded in the third quarter of 2014 related to the Sumiseki Materials Co. Ltd. (Sumiseki) litigation. Refer to Note 24. "Commitments and Contingencies" to the accompanying consolidated financial statements for additional information related to the Sumiseki matter.

Loss on Early Debt Extinguishment. The loss on early debt extinguishment charges recorded during the year ended December 31, 2015 related to the repurchase of our 2016 Senior Notes. Refer to Note 12. "Long-term Debt" to the accompanying consolidated financial statements for additional information related to the repurchase.

Loss from Continuing Operations, Net of Income Taxes

The following table presents loss from continuing operations, net of income taxes, for the years ended December 31, 2015 and 2014:

	Year Ended December 31,		Increase (Decrease) to Income	
	2015	2014	$	%
	(Dollars in millions)			
Loss from continuing operations before income taxes	$ (1,990.3)	$ (547.9)	$ (1,442.4)	(263.3)%
Income tax (benefit) provision	(176.4)	201.2	377.6	187.7 %
Loss from continuing operations, net of income taxes	$ (1,813.9)	$ (749.1)	$ (1,064.8)	(142.1)%

Results from continuing operations, net of income taxes, declined for the year ended December 31, 2015 compared to the prior year due to the effect lower before-tax earnings, partially offset by the favorable effect of income taxes.

Income Tax (Benefit) Provision. The year-over-year favorable effect of income taxes was driven by the tax effect of lower earnings, the tax allocation to continuing operations related to the tax effects of items credited directly to "Other comprehensive income", the election to carry back specified liability losses ten years, and a lower foreign valuation allowance in 2015 compared to 2014. These favorable factors were partially offset by a lower 2015 release of reserves related to uncertain tax positions compared to similar releases in 2014. Refer to Note 10. "Income Taxes" to the accompanying consolidated financial statements for additional information.

Adjusted Loss From Continuing Operations

The following table presents Adjusted Loss from Continuing Operations for the years ended December 31, 2015 and 2014:

	Year Ended December 31,		Increase (Decrease) to Income	
	2015	2014	$	%
	(Dollars in millions)			
Loss from continuing operations, net of income taxes	$ (1,813.9)	$ (749.1)	$ (1,064.8)	(142.1)%
Asset impairment	1,277.8	154.4	1,123.4	727.6 %
Income tax benefit related to asset impairment	(75.3)	—	(75.3)	n.m.
Remeasurement benefit related to foreign income tax accounts	(0.5)	(2.7)	2.2	81.5 %
Adjusted Loss from Continuing Operations	$ (611.9)	$ (597.4)	$ (14.5)	(2.4)%

Adjusted Loss from Continuing Operations changed unfavorably for the year ended December 31, 2015 compared to the prior year. The change in results reflected lower Adjusted EBITDA and debt extinguishment charges recorded during 2015. Those factors were offset by a favorable income tax variance and lower depreciation, depletion and amortization, each factor as discussed above.

Net Loss Attributable to Common Stockholders

The following table presents net loss attributable to common stockholders for the years ended December 31, 2015 and 2014:

	Year Ended December 31,		Increase (Decrease) to Income	
	2015	2014	$	%
	(Dollars in millions)			
Loss from continuing operations, net of income taxes	$ (1,813.9)	$ (749.1)	$ (1,064.8)	(142.1)%
Loss from discontinued operations, net of income taxes	(175.0)	(28.2)	(146.8)	(520.6)%
Net loss	(1,988.9)	(777.3)	(1,211.6)	(155.9)%
Net income attributable to noncontrolling interests	7.1	9.7	2.6	26.8 %
Net loss attributable to common stockholders	$ (1,996.0)	$ (787.0)	$ (1,209.0)	(153.6)%

Net results attributable to common stockholders declined during the year ended December 31, 2015 compared to the prior year largely due to the unfavorable change in results from continuing operations, net of income taxes, as discussed above, and the unfavorable impact of changes in results from discontinued operations.

Loss from Discontinued Operations, Net of Income Taxes. The unfavorable change in results from discontinued operations for the year ended December 31, 2015 compared to the prior year was driven by Patriot bankruptcy related charges associated with black lung liabilities and the UMWA Combined Benefit Fund totaling $132.5 million. Results for the year ended December 31, 2015 also reflected a $34.7 million charge related to credit support that we provide to Patriot and a contingent loss accrual of $9.7 million associated with the Queensland Bulk Handling Pty Ltd. litigation. Those matters are discussed further in Note 25. "Matters Related to the Bankruptcy of Patriot Coal Corporation" and Note 24. "Commitments and Contingencies" to the accompanying consolidated financial statements.

Diluted EPS

The following table presents diluted EPS for the years ended December 31, 2015 and 2014:

	Year Ended December 31,		Increase (Decrease) to EPS	
	2015	2014	$	%
Diluted EPS attributable to common stockholders:				
Loss from continuing operations	$ (100.34)	$ (42.52)	$ (57.82)	(136.0)%
Loss from discontinued operations	(9.64)	(1.57)	(8.07)	(514.0)%
Net loss	$ (109.98)	$ (44.09)	$ (65.89)	(149.4)%

Diluted EPS declined in the year ended December 31, 2015 compared to the prior year commensurate with the unfavorable change in results from continuing and discontinued operations between those periods.

All share and per share data in this report have been retroactively restated to reflect the September 30, 2015 reverse stock split.

Adjusted Diluted EPS

The following table presents Adjusted Diluted EPS for the years ended December 31, 2015 and 2014:

	Year Ended December 31,		Increase (Decrease) to EPS	
	2015	2014	$	%
Adjusted Diluted EPS Reconciliation:				
Loss from continuing operations	$ (100.34)	$ (42.52)	$ (57.82)	(136.0)%
Asset impairment, net of income taxes	66.26	8.63	57.63	667.8 %
Remeasurement benefit related to foreign income tax accounts	(0.03)	(0.14)	0.11	78.6 %
Adjusted Diluted EPS	$ (34.11)	$ (34.03)	$ (0.08)	(0.2)%

Adjusted Diluted EPS for the year ended December 31, 2015 decreased compared to the prior year commensurate with the decline in Adjusted Loss from Continuing Operations during that period.

Other

The net fair value of our liabilities associated with diesel fuel contracts and foreign currency forward contracts decreased by $252.7 million for the year ended December 31, 2015 compared to the prior year, primarily due to contract settlements during that period. The change is reflected in “Other current assets,” “Investments and other assets,” "Accounts payable and accrued expenses" and “Other noncurrent liabilities” in the consolidated balance sheets.

Year Ended December 31, 2014 Compared to Year Ended December 31, 2013

Summary

Conditions in the coal market segments that we serve were varied in 2014, characterized by (1) continued pricing declines in international seaborne markets based on an abundance of supply and slowing demand growth, and (2) stable demand in the U.S. in spite of certain transportation- and weather-related headwinds.

In global metallurgical coal market segments, demand remained relatively flat during the year ended December 31, 2014 compared to the prior year and failed to provide a catalyst for a pricing rebound from 2013. Worldwide steel production increased only slightly during that period (1.2%) according to data recently published by the World Steel Association (WSA), driven by marginal growth in production out of Asia, the U.S. and the European Union. Demand for international seaborne thermal coal declined modestly in 2014 compared to 2013, as growth in imports into India only partially offset a decline in Chinese imports compared to the prior year.

Overall, sluggish demand and the impact of continued growth in supply drove a further decline in international seaborne coal prices in 2014. Benchmark pricing for seaborne premium high quality hard coking coal (HQHCC), premium low volatile pulverized coal injections products (LV PCI) and thermal coal originating from Newcastle, Australia (NEWC) for 2014 and 2013 were as follows (on a per tonne basis):

Contract Commencement Month:	HQHCC		Increase (Decrease) to Prices %	LV PCI		Increase (Decrease) to Prices %	NEWC		Increase (Decrease) to Prices %
	2014	2013		2014	2013		2014	2013	
January	$ 143	$ 165	(13)%	$ 116	$ 124	(6)%	$ 87	$ 91	(4)%
April	$ 120	$ 172	(30)%	$ 100	$ 141	(29)%	$ 82	$ 95	(14)%
July	$ 120	$ 145	(17)%	$ 100	$ 116	(14)%	$ 76	$ 90	(16)%
October	$ 119	$ 152	(22)%	$ 99	$ 121	(18)%	$ 74	$ 86	(14)%

In the U.S., electricity generation from coal was stable during the year ended December 31, 2014 compared to the prior year and maintained a share of 38.9% of total electricity generation during that period according to the U.S. Energy Information Administration (EIA). U.S. electricity generation from coal benefited during 2014 compared to the prior year from higher natural gas prices and colder first quarter weather, which offset the effects of poor rail performance and mild weather in the second half of the year. Overall, our total U.S. volumes shipped increased in the year ended December 31, 2014, as customers continued to replenish depleted stockpile inventories in the second half of the year even as electricity demand fell due to weather conditions.

Our revenues decreased during the year ended December, 2014 compared to the prior year ($221.5 million) due to lower overall realized pricing from our mining platform ($602.6 million), partially offset by an overall increase in tons sold from our mining platform.

In order to mitigate the impact of lower coal pricing, we continued to focus on driving operational efficiencies, optimizing production across our mining platform and controlling expenses at all levels of the organization in 2014. Overall, Adjusted EBITDA decreased during the year ended December 31, 2014 compared to the prior year ($233.2 million). Net results attributable to common stockholders also decreased in the year ended December 31, 2014 compared to the prior year ($262.1 million). In addition to lower Adjusted EBITDA, our 2014 results also reflected an adverse impact from income taxes, a change in valuation allowance related to an equity affiliate and higher asset retirement obligation expenses, partially offset by lower asset impairment charges, a decrease in depreciation, depletion and amortization, improved results from discontinued operations and the impact of a 2013 settlement charge related to the bankruptcy of Patriot Coal Corporation, which are discussed further in the sections that follow.

Tons Sold

The following table presents tons sold by operating segment for the years ended December 31, 2014 and 2013:

	Year Ended December 31,		Increase (Decrease) to Tons Sold	
	2014	2013	Tons	%
	(Tons in millions)			
Australian Metallurgical	17.2	15.0	2.2	14.7 %
Australian Thermal	21.0	19.9	1.1	5.5 %
Powder River Basin Mining	142.6	135.2	7.4	5.5 %
Western U.S. Mining	23.8	23.6	0.2	0.8 %
Midwestern U.S. Mining	25.0	26.3	(1.3)	(4.9)%
Total tons sold from mining segments	229.6	220.0	9.6	4.4 %
Trading and Brokerage	20.2	31.7	(11.5)	(36.3)%
Total tons sold	249.8	251.7	(1.9)	(0.8)%

Revenues

The following table presents revenues for the years ended December 31, 2014 and 2013:

	Year Ended December 31,		Increase (Decrease) to Revenues	
	2014	2013	$	%
	(Dollars in millions)			
Australian Metallurgical	$ 1,613.8	$ 1,773.4	$ (159.6)	(9.0)%
Australian Thermal	1,058.0	1,131.2	(73.2)	(6.5)%
Powder River Basin Mining	1,922.9	1,767.3	155.6	8.8 %
Western U.S. Mining	902.8	902.3	0.5	0.1 %
Midwestern U.S. Mining	1,198.1	1,335.5	(137.4)	(10.3)%
Trading and Brokerage	58.4	66.0	(7.6)	(11.5)%
Corporate and Other	38.2	38.0	0.2	0.5 %
Total revenues	$ 6,792.2	$ 7,013.7	$ (221.5)	(3.2)%

Australia Metallurgical Mining. The decrease in our Australian Metallurgical Mining segment revenues for the year ended December 31, 2014 compared to the prior year was primarily driven by lower realized coal prices ($416.7 million), partially offset by the favorable impact of changes in volume and mix ($257.1 million). The increase in production volumes reflected the 2014 ramp-ups of longwall top coal caving technology (LTCC) at our North Goonyella Mine and a new longwall at our Metropolitan Mine, in addition to the effect of prior year roof stability issues at those sites and a 2013 industrial action at the Metropolitan Mine. Those positive volume drivers were partially offset by lower production from our Eaglefield Mine due to the exhaustion of coal reserves at that site.

Australia Thermal Mining. The decrease in our Australian Thermal Mining segment revenues for the year ended December 31, 2014 compared to the prior year was primarily driven by lower realized coal prices ($160.3 million), partially offset by the favorable impact of changes in volume and mix ($87.1 million). The increase in production volumes reflected higher volumes from our Wambo open-cut mine resulting from improved productivity and favorable geological conditions. Those positive volume drivers were partially offset by extended overall longwall move downtimes at our North Wambo Underground Mine.

Powder River Basin Mining. The increase in Powder River Basin Mining segment revenues for the year ended December 31, 2014 compared to the prior year was largely driven by a 5.5% rise in sales volumes ($106.5 million). That growth reflected the impacts on customer demand of higher natural gas prices, lower customer coal stockpile levels and an increase in heating-degree days during the winter months, tempered by the adverse effect of poor rail performance and lower cooling-degree days in the summer months. The segment also benefited in 2014 from higher realized coal prices ($49.1 million) due to $33.5 million of additional contract revenue from finalized pricing under one of our sales agreements and favorable customer mix.

Western U.S. Mining. The small increase in Western U.S. Mining segment revenues for the year ended December 31, 2014 compared to the prior year was driven by a 0.8% rise in sales volumes as a small increase in sales volumes from our New Mexico and Arizona mines were partially offset by higher longwall move downtime at our Twentymile mine.

Midwestern U.S. Mining. Revenues from our Midwestern U.S. Mining segment were adversely impacted during the year ended December 31, 2014 compared to the prior year by lower realized coal prices ($80.1 million) due to the effect of contract price re-openers and the renewal of sales contracts at less favorable prices. The decline in revenues was also partially attributed to an unfavorable volume and mix variance ($57.3 million), which reflected the first quarter 2014 exhaustion of coal reserves at our Viking-Corning Pit Mine.

Trading and Brokerage. The decline in Trading and Brokerage segment revenues for the year ended December 31, 2014 compared to the prior year reflected lower pass-through charges for transportation costs due to a decrease in physical volumes, partially offset by an improvement in net realized contract margins.

Segment Adjusted EBITDA

The following table presents Segment Adjusted EBITDA for the years ended December 31, 2014 and 2013:

	Year Ended December 31,		Decrease to Segment Adjusted EBITDA	
	2014	2013	$	%
	(Dollars in millions)			
Australian Metallurgical	$ (151.1)	$ (120.0)	$ (31.1)	(25.9)%
Australian Thermal	264.1	270.0	(5.9)	(2.2)%
Powder River Basin Mining	509.0	435.4	73.6	16.9 %
Western U.S. Mining	266.9	258.0	8.9	3.4 %
Midwestern U.S. Mining	306.9	426.0	(119.1)	(28.0)%
Trading and Brokerage	14.9	(19.9)	34.8	174.9 %
Total Segment Adjusted EBITDA	$ 1,210.7	$ 1,249.5	$ (38.8)	(3.1)%

Australian Metallurgical Mining. Adjusted EBITDA from our Australian Metallurgical Mining segment was adversely affected during the year ended December 31, 2014 compared to the prior year by lower realized coal pricing, net of sales-related costs ($384.2 million) and inflationary cost escalations ($26.5 million). Those factors were partially offset by the improved longwall performance from our underground mines due to the factors noted above ($189.2 million), the net impact of exchange rate movements ($108.2 million) and higher productivity and lower costs at one of our surface mines ($54.3 million) driven by an owner-operator conversion. While tons sold increased by 14.7% in 2014 compared to the prior year, the resulting benefits were largely offset by lower weighted-average margins experienced across the platform.

Australian Thermal Mining. Adjusted EBITDA from our Australian Thermal Mining segment was adversely affected during the year ended December 31, 2014 compared to the prior year by lower realized coal pricing, net of sales-related costs ($147.8 million). That factor was partially offset by higher productivity and lower costs at our Australian surface mines ($83.1 million) driven by owner-operator conversions at certain sites and the net impact of exchange rate movements ($59.6 million).

Powder River Basin Mining. The increase in Powder River Basin Mining segment Adjusted EBITDA during the year ended December 31, 2014 compared to the prior year reflected a favorable volume and mix variance ($51.7 million) and higher realized pricing, net of sales-related costs ($48.8 million) due to $27.1 million of additional contract revenue, net of sales-related costs, recognized from finalized pricing under one of our sales agreements.

Western U.S. Mining. The increase in Western U.S. Mining segment Adjusted EBITDA during the year ended December 31, 2014 compared to the prior year was driven by reduced year-over-year expenditures related to materials and supplies, labor and other operations support spending attributed to ongoing cost containment initiatives.

Midwestern U.S. Mining. The decrease in Midwestern U.S. Mining segment Adjusted EBITDA for the year ended December 31, 2014 compared to the prior year was driven by lower realized coal prices, net of sales-related costs ($76.4 million), a decline in volumes ($19.6 million) and costs associated with higher overburden ratios at certain of our surface mines due to mine sequencing ($18.1 million).

Trading and Brokerage. The increase in Trading and Brokerage segment Adjusted EBITDA during the year ended December 31, 2014 compared to the prior year reflected improved net contract margins and the effect of expenses associated with a third-party contract miner that were incurred in the prior year. Trading and Brokerage results also benefited in 2014 compared to the prior year from a $12.8 million decline in charges associated with litigation and arbitration matters. Refer to Note 24. "Commitments and Contingencies" to the accompanying consolidated financial statements for additional information surrounding the Eagle arbitration and the Gulf Power Company (Gulf Power) litigation, for which matters we recorded aggregate charges of $15.6 million and $28.4 million during the years ended December 31, 2014 and 2013, respectively.

Loss From Continuing Operations Before Income Taxes

The following table presents loss from continuing operations before income taxes for the years ended December 31, 2014 and 2013:

	Year Ended December 31,		Increase (Decrease) to Income	
	2014	2013	$	%
	(Dollars in millions)			
Total Segment Adjusted EBITDA	$ 1,210.7	$ 1,249.5	$ (38.8)	(3.1)%
Corporate and Other Adjusted EBITDA	(396.7)	(202.3)	(194.4)	(96.1)%
Subtotal - Adjusted EBITDA	814.0	1,047.2	(233.2)	(22.3)%
Depreciation, depletion and amortization	(655.7)	(740.3)	84.6	11.4 %
Asset retirement obligation expenses	(81.0)	(66.5)	(14.5)	(21.8)%
Asset impairment and mine closure costs	(154.4)	(528.3)	373.9	70.8 %
Settlement charges related to the Patriot bankruptcy reorganization	—	(30.6)	30.6	100.0 %
Change in deferred tax asset valuation allowance related to equity affiliates	(52.3)	—	(52.3)	n.m.
Amortization of basis difference related to equity affiliates	(5.7)	(6.3)	0.6	9.5 %
Interest expense	(428.2)	(425.2)	(3.0)	(0.7)%
Interest income	15.4	15.7	(0.3)	(1.9)%
Loss from continuing operations before income taxes	$ (547.9)	$ (734.3)	$ 186.4	25.4 %

Results from continuing operations before income taxes for the year ended December 31, 2014 improved compared to the prior year. The decrease in Segment Adjusted EBITDA discussed above, an adverse change in valuation allowance related to the Middlemount equity affiliate and higher asset retirement obligation expenses were more than offset by lower asset impairment charges and depreciation, depletion and amortization, the effect of a 2013 settlement charge related to the bankruptcy of Patriot and an improvement in Corporate and Other Adjusted EBITDA.

Corporate and Other Adjusted EBITDA. The following table presents a summary of the components of Corporate and Other Adjusted EBITDA for the years ended December 31, 2014 and 2013:

	Year Ended December 31,		Increase (Decrease) to Income	
	2014	2013	$	%
	(Dollars in millions)			
Resource management activities (1)	$ 30.9	$ 49.5	$ (18.6)	(37.6)%
Selling and administrative expenses	(227.1)	(244.2)	17.1	7.0 %
Restructuring and pension settlement costs	(26.0)	(11.9)	(14.1)	118.5 %
Corporate hedging	(49.6)	173.8	(223.4)	(128.5)%
Other operating costs, net (2)	(124.9)	(169.5)	44.6	26.3 %
Corporate and Other Adjusted EBITDA	$ (396.7)	$ (202.3)	$ (194.4)	(96.1)%

(1) Includes gains (losses) on certain surplus coal reserve and surface land sales and property management costs and revenues.

(2) Includes results from equity affiliates (before the impact of related changes in deferred tax asset valuation allowance and amortization of basis difference), costs associated with past mining activities, certain coal royalty expenses, gains (losses) on certain asset disposals and expenses related to our other commercial activities.

Resource management earnings decreased during the year ended December 31, 2014 compared to the prior year due to reduced gains from the disposal of non-core assets. That decline was driven by the effect of the 2013 sale of non-strategic coal reserves and surface lands located in Kentucky, partially offset by the 2014 sale of non-strategic coal reserves located in Kentucky and surplus lands in the Midwestern U.S. The reduction in selling and administrative expenses during the year ended December 31, 2014 compared to the prior year largely reflected the impact of our ongoing cost containment efforts. The decrease in corporate hedge results reflects the weakening of the Australian dollar and a decline in diesel fuel prices. The increase in restructuring and pension settlement costs during the year ended December 31, 2014 compared to the prior year was driven by the effect of a lump sum payout option offered to certain qualifying participants of one of our plans in the fourth quarter of 2014. That unfavorable change also reflected an increase in voluntary and involuntary workforce reduction activity in 2014 related to our ongoing repositioning efforts to appropriately align our cost structure relative to prevailing global coal industry conditions.

The improvement in "Other items, net" during the year ended December 31, 2014 compared to the prior year was driven by:

- Lower costs associated with past mining activities ($13.0 million) driven by the elimination of postretirement healthcare expenses for which the liabilities were settled with Patriot and certain of its wholly-owned subsidiaries and the UMWA pursuant to the definitive settlement agreement that became effective on December 18, 2013;
- A decrease in pension and other postretirement benefit costs primarily due to an increase in discount rates as of the beginning of each fiscal period ($12.2 million);
- The impact of charges of $8.0 million and $20.0 million recorded in 2014 and 2013, respectively, for environmental clean-up related costs associated with Gold Fields Mining, LLC, a dormant, non-coal producing entity that was previously managed and owned by our predecessor owner and transferred to us in a 1997 spin-off; and
- The third quarter 2014 receipt of $9.4 million of insurance proceeds related to equipment damage losses incurred in a previous period.

Those positive factors were partially offset by an unfavorable change in results from equity affiliates (before the impact of related changes in deferred tax asset valuation allowance and amortization of basis difference) driven by lower coal pricing, as tempered by the benefit of productivity advancements resulting from the third quarter 2013 conversion of the Middlemount Mine to owner-operator status ($15.7 million).

Depreciation, Depletion and Amortization. The following table presents a summary of depreciation, depletion and amortization expense by segment for the years ended December 31, 2014 and 2013:

	Year Ended December 31,		Increase (Decrease) to Income	
	2014	2013	$	%
	(Dollars in millions)			
Australian Metallurgical	$ (221.5)	$ (274.0)	$ 52.5	19.2 %
Australian Thermal	(118.9)	(132.4)	13.5	10.2 %
Powder River Basin Mining	(146.4)	(151.4)	5.0	3.3 %
Western U.S. Mining	(66.6)	(68.8)	2.2	3.2 %
Midwestern U.S. Mining	(69.6)	(80.4)	10.8	13.4 %
Trading and Brokerage	(1.2)	(0.7)	(0.5)	(71.4)%
Corporate and Other	(31.5)	(32.6)	1.1	3.4 %
Total	$ (655.7)	$ (740.3)	$ 84.6	11.4 %

Additionally, the following table presents a summary of our weighted-average depletion rate per ton for active mines in each of our mining segments for the years ended December 31, 2014 and 2013:

	Year Ended December 31,	
	2014	2013
Australian Metallurgical	$ 4.86	$ 7.28
Australian Thermal	3.09	3.33
Powder River Basin Mining	0.70	0.76
Western U.S. Mining	0.94	1.08
Midwestern U.S. Mining	0.46	0.66

The decrease in depreciation, depletion and amortization expense during the year ended December 31, 2014 compared to the prior year was predominantly driven by lower expense from our Australian Mining segments. Those decreases reflected lower depletion rates at certain sites with historically higher rates due to an increase in estimated proven and probable reserves at those sites and a reduction in the asset base of one of our metallurgical surface mines from asset impairment charges recognized in the fourth quarter of 2013. Those drivers were partially offset by the effect of a year-over-year increase in tons sold.

The decline in expense from our Midwestern U.S. Mining during the year ended December 31, 2014 compared to the prior year reflected a favorable shift in production mix toward lower depletion rate coal reserves and lower tons sold.

Expense from our Western U.S. and Powder River Basin Mining segments also decreased during the year ended December 31, 2014 compared to the prior year due to the effect of a shift in production mix towards lower depletion rate coal reserve locations. That effect more than offset the increase in tons sold during the year ended December 31, 2014 compared to the prior year.

Asset Retirement Obligation Expenses. In December 2014, we recognized an asset retirement obligation liability of $22.2 million due to the nonperformance of a contract miner at a coal reserve property in the Eastern U.S. Because mining operations have ceased at that operation, a corresponding charge for the full amount of the liability was recorded to “Asset retirement obligation expenses” in the consolidated statement of operations for the year then ended. The year-over-year increase in 2014 compared to the prior year also reflected higher amortization that results from an overall increase in tons sold across our mining segments, partially offset by lower expense for ongoing reclamation in certain U.S. regions due to a reduction in affected acreage.

Asset Impairment. We recognized $154.4 million and $528.3 million in aggregate asset impairment charges during the years ended December 31, 2014 and 2013, respectively. Refer to Note 2. "Asset Impairment" to the accompanying consolidated financial statements for further information regarding the nature and composition of those charges, which information is incorporated herein by reference.

Settlement Charges Related to the Patriot Bankruptcy. Results from continuing operations before income taxes for the year ended December 31, 2013 included $30.6 million in before-tax charges associated with the settlement of claims and litigation related to the Patriot bankruptcy. Refer to Note 25. "Matters Related to the Bankruptcy of Patriot Coal Corporation" to the accompanying consolidated financial statements for additional information surrounding the related matters.

Change in Deferred Tax Asset Valuation Allowance Related to Equity Affiliates. During the year ended December 31, 2014, we recognized a $52.3 million charge for our pro-rata share of a valuation allowance on Middlemount's Australian net deferred tax assets. Based on available sources of taxable income, we determined that the net deferred tax assets are no longer considered more likely than not of being realized. That conclusion was driven by a history of operating losses, as sustained weakness in seaborne metallurgical coal prices have more than offset a successful owner-operator conversion completed in 2013 and an ongoing series of operational efficiency initiatives conducted at the site that have improved the mine's cost structure.

Interest Expense. Interest expense for year ended December 31, 2014 included an aggregate charge of $12.6 million related to the Sumiseki litigation and Eagle arbitration. Interest expense for the year ended December 31, 2014 also included $1.6 million of professional fees associated with the 2014 consent solicitation and related supplemental indenture for our Convertible Junior Subordinated Debentures due December 2066 (the Debentures). Interest expense for year ended December 31, 2013 included an aggregate early debt extinguishment charge of $16.9 million associated with the prior year execution of our secured credit agreement dated September 24, 2013 (as amended, the 2013 Credit Facility) and prior year voluntary debt prepayments and repurchases. Interest expense for the year ended December 31, 2013 also included a $6.9 million charge for pre-judgment interest related to the Gulf Power litigation. Changes in interest expense during the year ended December 31, 2014 compared to the prior year also reflected the unfavorable effect of higher interest rates associated with our term loan borrowings, partially offset by the beneficial impact of lower overall debt balances.

Refer to Note 24. "Commitments and Contingencies" to the accompanying consolidated financial statements for additional information surrounding the foregoing litigation and arbitration matters.

Loss from Continuing Operations, Net of Income Taxes

The following table presents loss from continuing operations, net of income taxes, for the years ended December 31, 2014 and 2013:

	Year Ended December 31,		Increase (Decrease) to Income	
	2014	2013	$	%
	(Dollars in millions)			
Loss from continuing operations before income taxes	$ (547.9)	$ (734.3)	$ 186.4	25.4 %
Income tax provision (benefit)	201.2	(448.3)	(649.5)	144.9 %
Loss from continuing operations, net of income taxes	$ (749.1)	$ (286.0)	$ (463.1)	(161.9)%

Results from continuing operations, net of income taxes, declined for the year ended December 31, 2014 compared to the prior year due to the effect of income taxes, partially offset by improved before-tax earnings.

Income Tax Provision (Benefit). The year-over-year negative effect of income taxes was driven by:

- An increase in valuation allowance on certain U.S. and Australian deferred tax assets that was recognized during the year ended December 31, 2014 driven by recent cumulative book losses, as determined by considering all sources of available taxable income (including items classified as discontinued operations or recorded directly to "Accumulated other comprehensive loss"), which limited our ability to look to future taxable income in assessing the realizability of those assets ($569.4 million);
- The aggregate impact of the write-off of a net deferred tax asset in 2014 due to the repeal of the Australian Minerals and Resource Rent Tax (MRRT) compared with MRRT royalty allowance benefits recognized in the prior year ($78.3 million);
- The effect of improved before-tax earnings, including the 2013 income tax effects of asset impairments and charges associated with claims and litigation related to the Patriot bankruptcy ($47.8 million); and
- Lower remeasurement benefits related to foreign income tax accounts ($41.6 million).

Those factors were partially offset in the year ended December 31, 2014 by a decrease in net unrecognized tax benefits, interest and penalties, primarily due to amended returns filed and the finalization of audits by the Australian Tax Office for certain tax years ($99.4 million).

Adjusted (Loss) Income From Continuing Operations

The following table presents Adjusted Income from Continuing Operations for the years ended December 31, 2014 and 2013:

	Year Ended December 31,		Increase (Decrease) to Income	
	2014	2013	$	%
	(Dollars in millions)			
Loss income from continuing operations, net of income taxes	$ (749.1)	$ (286.0)	$ (463.1)	(161.9)%
Asset impairment and mine closure costs	154.4	528.3	(373.9)	(70.8)%
Settlement charges related to the Patriot bankruptcy reorganization	—	30.6	(30.6)	(100.0)%
Income tax benefit related to asset impairment and mine closure costs	—	(112.8)	112.8	100.0 %
Income tax benefit related to the settlement charges related to the Patriot bankruptcy reorganization	—	(11.3)	11.3	(100.0)%
Remeasurement (benefit) expense related to foreign income tax accounts	(2.7)	(44.3)	41.6	(93.9)%
Adjusted (Loss) Income from Continuing Operations	$ (597.4)	$ 104.5	$ (701.9)	(671.7)%

Adjusted (Loss) Income from Continuing Operations changed unfavorably for the year ended December 31, 2014 compared to the prior year. The decline in results reflected the adverse effect of income taxes, lower Adjusted EBITDA, an adverse change in valuation allowance related to the Middlemount Mine equity affiliate and higher asset retirement obligation expenses, partially offset by lower depreciation, depletion and amortization, as discussed above.

Net Loss Attributable to Common Stockholders

The following table presents net loss attributable to common stockholders for the years ended December 31, 2014 and 2013:

	Year Ended December 31,		Increase (Decrease) to Income	
	2014	2013	$	%
	(Dollars in millions)			
Loss from continuing operations, net of income taxes	$ (749.1)	$ (286.0)	$ (463.1)	(161.9)%
Loss from discontinued operations, net of income taxes	(28.2)	(226.6)	198.4	87.6 %
Net loss	(777.3)	(512.6)	(264.7)	(51.6)%
Net income attributable to noncontrolling interests	9.7	12.3	2.6	21.1 %
Net loss attributable to common stockholders	$ (787.0)	$ (524.9)	$ (262.1)	(49.9)%

Net results attributable to common stockholders declined during the year ended December 31, 2014 compared to the prior year largely due to the unfavorable change in results from continuing operations, net of income taxes, discussed above, partially offset by the favorable impact of changes in results from discontinued operations.

Loss from Discontinued Operations, Net of Income Taxes. Results from discontinued operations improved during the year ended December 31, 2014 compared to the prior year, mainly driven by the following:

- Changes in results from the Wilkie Creek Mine that was closed in the fourth quarter of 2013 ($157.6 million), which reflected after-tax asset impairment and mine closure costs of $117.2 million recognized in 2013, the effect of 2013 operating losses and a net gain of $4.6 million recognized in 2014 related to the termination of a sale and purchase agreement with a potential buyer of that mine due to the inability of that buyer to meet the necessary conditions for closing; and
- Prior year after-tax charges of $61.8 million associated with the settlement of claims and litigation related to the Patriot bankruptcy pursuant to the definitive settlement agreement that we reached with Patriot and the UMWA effective December 18, 2013; partially offset by
- A charge of $34.1 million recorded in 2014 related to an adverse change in the fair value of the credit support we have provided to Patriot in connection with the settlement agreement due to a credit downgrade of Patriot issued by one of the major credit rating agencies in the fourth quarter of 2014.

Additional information surrounding the aforementioned asset impairment and mine closure costs and charges for the settlement of claims and litigation related to the Patriot bankruptcy is included in Note 2. "Asset Impairment" and Note 25. "Matters Related to the Bankruptcy of Patriot Coal Corporation" to the accompanying consolidated financial statements, respectively.

Diluted EPS

The following table presents diluted EPS for the years ended December 31, 2014 and 2013:

	Year Ended December 31,		Increase (Decrease) to EPS	
	2014	2013	$	%
Diluted EPS attributable to common stockholders:				
Loss from continuing operations	$ (42.52)	$ (16.80)	$ (25.72)	(153.1)%
Loss from discontinued operations	(1.57)	(12.73)	11.16	87.7 %
Net loss	$ (44.09)	$ (29.53)	$ (14.56)	(49.3)%

Diluted EPS declined in the year ended December 31, 2014 compared to the prior year commensurate with the unfavorable change in results from continuing operations between those periods, partially offset by improved results from discontinued operations.

All share and per share data in this report have been retroactively restated to reflect the September 30, 2015 reverse stock split.

Adjusted Diluted EPS

The following table presents Adjusted Diluted EPS for the years ended December 31, 2014 and 2013:

	Year Ended December 31,		Increase (Decrease) to EPS	
	2014	2013	$	%
Adjusted Diluted EPS Reconciliation:				
Loss from continuing operations	$ (42.52)	$ (16.80)	$ (25.72)	(153.1)%
Asset impairment and mine closure costs, net of income taxes	8.63	23.34	(14.71)	(63.0)%
Settlement charges related to the Patriot bankruptcy reorganization, net of income taxes	—	— 1.08	(1.08)	(100.0)%
Remeasurement (benefit) expense related to foreign income tax accounts	(0.14)	(2.50)	2.36	(94.4)%
Adjusted Diluted EPS	$ (34.03)	$ 5.12	$ (39.15)	(764.6)%

Adjusted Diluted EPS for the year ended December 31, 2014 decreased compared to the prior year commensurate with the decline in Adjusted (Loss) Income from Continuing Operations during that period.

Other

The net fair value of our diesel fuel cash flow hedge contract portfolio decreased from a net asset of $6.4 million at December 31, 2013 to a net liability of $167.1 million at December 31, 2014 primarily due to the decline in forward diesel prices during that period. The change is reflected in “Other current assets,” “Investments and other assets,” "Accounts payable and accrued expenses" and “Other noncurrent liabilities” in the consolidated balance sheets.

Outlook

Our near-term outlook is intended to coincide with the next 12 to 24 months, with subsequent periods addressed in our long-term outlook.

Near-Term Outlook

Coal markets continue to be pressured by reduced coal demand, limited supply reductions, significantly lower Chinese imports and weak natural gas prices. We expect modest seaborne metallurgical coal supply reductions in 2016 as further declines in the U.S. overcome small production increases from other exporting nations.

Global Macroeconomic Indicators. The World Bank revised its global economic growth estimates downward in its January 2016 Global Economic Prospects. 2015 saw continued deceleration of economic activity in emerging and developing economies amid weakening commodity prices, global trade and capital flows. Selected regional and worldwide projections of 2016 and 2017 macroeconomic growth, as measured by recent World Bank forecasts of gross domestic product (GDP), are presented below. The World Bank notes the forecast below is subject to substantial downside risks, including a sharper-than-expected slowdown in major developing economies or financial market turmoil arising from a sudden increase in borrowing costs that could combine with deteriorating fundamentals.

	GDP Growth (%)	
Region:	**2016**	**2017**
U.S.	2.7%	2.4%
China	6.7%	6.5%
India	7.8%	7.9%
Worldwide	2.9%	3.1%

Seaborne Thermal Coal Market Segments and Our Position. Seaborne thermal coal demand continues to be impacted by sluggish coal generation growth and declining imports in China and Europe. In 2015, seaborne thermal demand declined 8 percent on a nearly 75 million tonne decline in Chinese imports, lower European demand and a decline in international liquefied natural gas prices. The seaborne thermal coal market segment remains well-supplied, which has led to continued decreases in prices for thermal coal originating from Newcastle, Australia. We are targeting thermal coal exports of 12 million to 13 million tons from our Australian platform in 2016.

Seaborne Metallurgical Coal Market Segments and Our Position. The World Steel Association (WSA) reported that world crude steel output declined by 2.8 percent in 2015, compared to growth of 1.2 percent in 2014. Crude steel production decreased in all one but one region in 2015, with China's production down 2.3 percent compared to the prior year. In its October 2015 Short Range Outlook, the WSA forecasted apparent steel use growth of 0.7% in 2016.

Seaborne metallurgical coal prices for HQHCC and LV PCI settled at approximately $81 and $69 per tonne, respectively, for quarterly contracts commencing in January 2016, falling 9 and 3 percent, respectively, versus prior quarter price levels. We are targeting total 2016 metallurgical coal sales from our Australian platform at 14 million to 15 million tons.

Our total Australian coal sales for 2016 are targeted at 34 million to 36 million tons, including both metallurgical and thermal coal products supplied for export and within Australia.

U.S. Thermal Coal Market Segments and Our Position. In its February 2016 Short Term Energy Outlook, the EIA estimates that U.S. thermal coal consumption decreased by 12 percent in 2015 primarily due to lower natural gas prices, resulting in coal's market share of power generation falling to 34 percent in 2015, from approximately 40 percent in 2014.

According to the EIA, coal consumption in the electric power sector is forecasted to remain relatively unchanged in 2016, as increases in consumption because of projected rising natural gas prices are offset by reductions in consumption because of growing renewables generation and coal-plant retirements.

We are targeting our 2016 U.S. volumes at 150 million to 160 million tons, with all of those volumes priced as of December 31, 2015. We anticipate that average realized pricing from our U.S. mining operations be between $19.65 per ton and $19.95 per ton in 2016 compared with $19.84 per ton in 2015.

We also remain focused on efficiently controlling and allocating capital. We are targeting 2016 capital spending levels of $120 million to $140 million, in line with our 2015 spend of $126.8 million.

Long-Term Outlook

The International Energy Agency (IEA) regularly makes projections about world coal demand based on various future scenarios for energy development. The scenarios used by the IEA as the bases for these projections vary by time and publication. Further details are available to the public directly from the IEA, including through the IEA's website: http://www.iea.org/publications/scenariosandprojections/. Information contained on or accessible through the IEA's website is not incorporated by reference into this Annual Report on Form 10-K.

The "New Policies Scenario" is IEA's central scenario in its World Energy Outlook report (WEO). It incorporates policies and measures affecting energy markets that have already been adopted, as well as other relevant commitments and plans that have been announced by countries, including national pledges to reduce emissions and plans to phase-out fossil fuel subsidies, even if the measures to implement these commitments have yet to be identified or announced.

Different scenarios used by the IEA in its projections of energy demand have different implications for coal usage. Projected coal usage is highest in the "Current Policies Scenario" and lowest in the "450 Scenario." The Current Policies Scenario (previously called the "Reference Scenario") assumes no changes in policies from the mid-point of the year of publication, thus considering policies and measures that have already been formally enacted, but assuming that governments do not implement any commitments that have yet to be finalized by legislation and will not introduce any new policies affecting coal usage.

Finally, the 450 Scenario assumes implementation of a set of government policies consistent with a goal of limiting long-term increases in the average global temperature to two degrees Celsius, a limit determined by various governments and non-governmental organizations and recognized by nations of the world in the 2010 United Nations Climate Change Conference in Cancun, Mexico.

The Company has historically emphasized the Current Policies Scenario in its strategic planning processes and its investor communications. We believe that the Current Policies Scenario is the most appropriate for our investors to consider because we believe that it has proven to be the scenario that has yielded the most accurate projections of coal usage. Although the New Policies Scenario is the IEA's central scenario, the IEA does not endorse any particular scenario as being a more probable forecast than the others.

The IEA estimates in its WEO 2015, Current Policies Scenario, that worldwide primary energy demand will grow 45% (32% under the New Policies Scenario) between 2013 and 2040. Demand for coal during this time period is projected to rise 43% (12% under the New Policies Scenario)

Under its Current Policies Scenario, the IEA expects coal to retain its prominent presence as a fuel for the power sector worldwide. Coal's share of the power generation mix was 41% in 2013. By 2040, the IEA's Current Policies Scenario estimates that coal's fuel share of global power generation will be 38% as it continues to have the largest share of worldwide electric power production (30%, slightly less than the share attributable to hydro and renewables, under the New Policies Scenario). Under the Current Policies Scenario, the IEA also projects that global natural gas-fueled electricity generation will have a compound annual growth rate of 2.7% from 2013-2040 (2.1% annual growth rate under the New Policies Scenario). The total amount of electricity generated from natural gas is expected to be approximately 36% below the total for coal (approximately 24% below the total for coal under the New Policies Scenario), even in 2040. Hydro and other renewables are projected to comprise a combined 27% of the 2040 fuel mix (34% under the New Policies Scenario) versus 22% in 2013. Electricity generation from nuclear power is expected to fall from 11% to 9% (while growing from 11% to 12% under the New Policies Scenario) between 2013 and 2040.

As noted above, projected coal usage is highest under the Current Policies Scenario. Future energy use consistent with the 450 Scenario would likely yield results materially lower than the projections noted above under the Current Policies Scenario or the New Policies Scenario.

Enactment of laws or passage of regulations regarding emissions from the combustion of coal by the U.S., some of its states or other countries, or other actions to limit such emissions, could result in electricity generators switching from coal to other fuel sources. Further, policies limiting available financing for the development of new coal-fueled power plants could adversely impact the global demand for coal in the future. The potential financial impact on us of future laws, regulations or other policies will depend upon the degree to which any such laws or regulations force electricity generators to diminish their reliance on coal as a fuel source. That, in turn, will depend on a number of factors, including the specific requirements imposed by any such laws, regulations or other policies, the time periods over which those laws, regulations or other policies would be phased in, the state of commercial development and deployment of CCS technologies and the alternative markets for coal.

From time to time, we attempt to analyze the potential impact on the Company of as-yet-unadopted, potential laws, regulations and policies. Such analyses require that we make significant assumptions as to the specific provisions of such potential laws, regulations and policies. These analyses sometimes show that certain potential laws, regulations and policies, if implemented in the manner assumed by the analyses, could result in material adverse impacts on our operations, financial condition or cash flow. In view of the significant uncertainty surrounding each of these potential laws, regulations and policies, we do not believe that such analyses reasonably predict the quantitative impact that future laws, regulations or other policies may have on our results of operations, financial condition or cash flows.

As discussed in more detail in the section entitled "Regulatory Matters - U.S. - Environmental Laws and Regulations,", on August 3, 2015, the EPA announced the final rules (which were published in the Federal Register on October 23, 2015) for regulating carbon dioxide emissions from existing fossil fuel-fired EGUs. The EPA expects the rule to have a significant impact on demand for coal-fired electricity generation in the U.S. and, depending upon the implementation methods adopted by the various states, we believe the rule could have a material adverse effect on our results of operations, financial condition and cash flows in future periods. On February 9, 2016, the U.S. Supreme Court granted a motion to stay the implementation of the rule until its legal challenges are resolved.

Liquidity and Capital Resources

Capital Resources

Our primary sources of cash are proceeds from the sale of our coal production to customers. We also generate cash from the sale of non-strategic assets, including coal reserves and surface lands, borrowings under our committed credit facilities and, from time to time, the issuance of securities.

As of December 31, 2015, our available liquidity was $1.2 billion, which was substantially comprised of $940.0 million available for borrowing under a $1.65 billion revolving credit facility (as amended, the 2013 Revolver) and $261.3 million of cash and cash equivalents. During February 2016, we borrowed the maximum amount available under the 2013 Revolver for general corporate purposes. As of March 11, 2016, our available liquidity declined to $0.9 billion, which consisted primarily of cash and cash equivalents. The decline since December 31, 2015 was primarily due to operational expenditures and the issuance of additional letters of credit.

We incurred a substantial loss from operations and had negative cash flows from operating activities for the year ended December 31, 2015. Our current operating plan indicates that we will continue to incur losses from operations and generate negative cash flows from operating activities. These projections and certain liquidity risks raise substantial doubt about whether we will meet our obligations as they become due within one year after the date of this report. We have also elected to exercise the 30-day grace period with respect to a $21.1 million semi-annual interest payment due March 15, 2016 on the 6.50% Senior Notes due September 2020 and a $50.0 million semi-annual interest payment due March 15, 2016 on the 10.00% Senior Secured Second Lien Notes due March 2022, as provided for in the indentures governing these notes. Failure to pay these interest amounts on March 15, 2016 is not immediately an event of default under the indentures governing these notes, but would become an event of default if the payment is not made within 30 days of such date. As a result of these factors, as well as the continued uncertainty around global coal fundamentals, the stagnated economic growth of certain major coal-importing nations, and the potential for significant additional regulatory requirements imposed on coal producers, among other matters, there exists substantial doubt whether we will be able to continue as a going concern.

The accompanying consolidated financial statements are prepared on a going concern basis and do not include any adjustments that might result from uncertainty about our ability to continue as a going concern, other than the reclassification of certain long-term debt and the related debt issuance costs to current liabilities and current assets, respectively. The report from our independent registered public accounting firm on our consolidated financial statements for the year ended December 31, 2015 includes an uncertainty paragraph that summarizes the salient facts or conditions that raise substantial doubt about our ability to continue as a going concern.

We are currently exploring alternatives for other sources of capital for ongoing liquidity needs and transactions to enhance our ability to comply with the financial covenants under our 2013 Credit Facility. We are working to improve our operating performance and our cash, liquidity and financial position. This includes: pursuing the sale of non-strategic surplus land and coal reserves as well as existing mines, particularly the sale of our El Segundo and Lee Ranch coal mines and related assets located in New Mexico and our Twentymile Mine in Colorado; continuing to drive cost improvements across the company, attempting to negotiate alternative payment terms with creditors; maintaining our current level of self-bonding and/or replacing self-bonding with other financial instruments on reasonable terms; evaluating potential debt buybacks, debt exchanges and new financing to improve our liquidity and reduce our financial obligations; and obtaining waivers of going concern and financial covenant violations under the 2013 Credit Facility. We have engaged financial and other advisors to assist us in those efforts.

However, there can be no assurance that management's plan to improve our operating performance and financial position will be successful or that we will be able to obtain additional financing on commercially reasonable terms or at all. As a result, our liquidity and ability to timely pay our obligations when due could be adversely affected. Furthermore, our creditors may resist renegotiation or lengthening of payment and other terms through legal action or otherwise. If we are not able to timely, successfully or efficiently implement the strategies that we are pursuing to improve our operating performance and financial position, obtain alternative sources of capital or otherwise meet our liquidity needs, we may need to voluntarily seek protection under Chapter 11 of the U.S. Bankruptcy Code.

Our 2013 Credit Facility and the indentures governing our 6.00%, 6.25%, 6.50% and 7.875 Senior Notes and our Senior Secured Second Lien Notes and the instruments governing our capital leases include cross-acceleration provisions whereby the debt owing under such agreements and instruments would be accelerated upon certain events, including a failure by us to service the debt in accordance with the relevant agreement. Our 2013 Credit Facility and its governing documents contain covenants that, among other things, require us to furnish audited financial statements as soon as available, but in any event within 90 days after the fiscal year end without a "going concern" uncertainty paragraph in the auditor's opinion. Our consolidated financial statements for the year ended December 31, 2015 included herein contain a "going concern" uncertainty paragraph. In addition, we currently anticipate that our reported Adjusted EBITDA and other sources of earnings or adjustments used to calculate Consolidated EBITDA (if such other sources of earnings or adjustments do not include the proceeds of certain targeted asset sales) will fall below our Consolidated Net Cash Interest Charges during 2016, and we anticipate we will not comply with our financial covenants as of March 31, 2016. Absent waivers or cures, non-compliance with such covenants would constitute a default under the 2013 Credit Facility (after the expiration of any applicable grace period). It is possible we could obtain waivers from our lenders; however, since there is substantial doubt about whether we will meet our obligations as they become due within one year after the date of issuance of this report, the Company has classified debt that become accelerated as current in the consolidated financial statements as of December 31, 2015.

Factors that could adversely impact our liquidity and ability to comply with our debt covenants include the following:

- If we are unable to maintain our current level of self bonding for any reason. This would cause us to seek replacement financial assurances, which could include the need to provide collateral in the form of letters of credit or cash;
- If we are required to provide additional collateral to support our operations. During the year ended December 31, 2015, we were required to increase our total posted letters of credit by $429.2 million to the issuing parties of certain of our surety bonds and bank guarantees, whereas we have not previously been required to do so, and we may be required to post additional collateral in the future to support such instruments or other operating requirements;
- If we are unable to renew our accounts receivable securitization program at an appropriate capacity when it expires in April 2016; and
- If we incur any additional liabilities or obligations as a result of the Patriot bankruptcy or other contingencies, as more fully described in Note 24. "Commitments and Contingencies" to the accompanying consolidated financial statements.

Debt Modification, Issuance and Refinancing. On February 5, 2015, we entered into the Omnibus Amendment Agreement (the First Amendment) related to our secured credit agreement dated September 24, 2013 (as amended, the 2013 Credit Facility) to enhance our financial flexibility. In addition to the pledge of certain collateral, among other things, the First Amendment:

- amended the financial maintenance covenants to provide greater financial flexibility by lowering the minimum interest coverage ratio and increasing the maximum net secured first lien leverage ratio for the term of the 2013 Credit Facility;
- amended the liens covenant to allow for second lien debt issuances, so long as we remain in compliance with the 2013 Credit Facility;
- amended certain other negative covenants to (1) reduce the annual cash dividend payments basket to a maximum of $27.5 million (with carryforward permitted), (2) reduce the additional general restricted payments basket, which includes dividends, stock repurchases and certain investments, to a maximum of $100.0 million (though we may also make restricted payments using another basket whose size is based on, among other things, positive earnings during the term of the agreement) and (3) further limit our ability to incur liens, incur debt and make investments; and
- provided for certain additional mandatory prepayments including with the net cash proceeds of certain asset sales, subject to customary reinvestment rights.

We paid aggregate modification costs of $11.8 million related to the First Amendment during the year ended December 31, 2015, which will be amortized over the remaining term of the facility.

On March 16, 2015, we completed the offering of $1.0 billion aggregate principal amount of our 10.00% Senior Secured Second Lien Notes due March 2022 (the Senior Secured Second Lien Notes). The Senior Secured Second Lien Notes are secured by a second-priority lien on all of the assets that secure the Company's obligations under the 2013 Credit Facility on a first-priority basis, subject to permitted liens and other limitations. Additional information surrounding the collateral securing the 2013 Credit Facility and the Senior Secured Second Lien Notes is included in Note 12. "Long-term Debt" to the accompanying consolidated financial statements.

The notes were issued at an issue price of 97.566% of principal amount, resulting in original issue discount of $24.3 million that will be amortized through maturity. The Company also paid aggregate debt issuance costs of $16.9 million during the year ended December 31, 2015 related to the offering, which will also be amortized over the life of the Senior Secured Second Lien Notes.

We used the net proceeds from the sale of the notes, in part, to fund (1) the March 2015 tender offer through which we repurchased $566.9 million aggregate principal amount of the 2016 Senior Notes and (2) the April 2015 redemption of $83.1 million aggregate principal amount of the 2016 Senior Notes that was not tendered in the tender offer. We used the remaining proceeds for general corporate purposes.

In connection with the tender offer, we recognized an aggregate loss on debt extinguishment of $67.8 million in the audited consolidated statement of operations for the year ended December 31, 2015. That charge was comprised of tender offer premiums paid of $66.4 million and the write-off of associated unamortized debt issuance costs of $1.4 million. As market conditions warrant, we may from time to time continue to repurchase debt securities issued by us, in the open market, in privately negotiated transactions, by tender offer, by exchange offer or otherwise.

Cash and Cash Equivalents. We follow a diversified investment approach for our cash and cash equivalents by maintaining such funds with a diversified portfolio of banks in high quality, highly liquid investments with original maturities of three months or less, generally comprised of money market funds, term deposits and government securities. We monitor the amounts held with each bank on a routine basis and do not believe our cash and cash equivalents are exposed to any material risk of principal loss.

We hold cash balances within the U.S. and in several foreign locations around the world. As of December 31, 2015, approximately $18.6 million of our cash was held by U.S. entities, with the remaining balance held by foreign subsidiaries in accounts predominantly domiciled in the U.S. A significant majority of the cash held by our foreign subsidiaries is denominated in U.S. dollars. This cash is generally used to support non-U.S. liquidity needs, including capital and operating expenditures in Australia and the foreign operations of our Trading and Brokerage segment. Under current law, earnings repatriated to the U.S. are subject to U.S. federal income tax, less applicable foreign tax credits. We had no undistributed earnings of foreign subsidiaries as of December 31, 2015. Historically, we have not provided deferred taxes on undistributed earnings of foreign subsidiaries because such earnings are considered to be indefinitely reinvested outside of the U.S. We utilize a variety of tax planning and financing strategies with the objective of having our worldwide cash available in the locations where it is needed. When appropriate, we may access our foreign cash in a tax efficient manner. Where local regulations or other circumstances may limit an efficient intercompany transfer of amounts held outside of the U.S., we will continue to utilize those funds for local liquidity needs. We do not expect restrictions or potential taxes on the repatriation of amounts held by our foreign subsidiaries to have a material effect on our overall liquidity, financial condition or results of operations.

Proceeds from Asset Sales. During the year ended December 31, 2015, we generated $70.4 million in proceeds from the disposal of assets, largely driven by the sale of surplus surface lands in the U.S. and Australia. We will continue to monitor our portfolio for opportunities to divest assets as a source of potential liquidity. We evaluate potential asset sales using several criteria including strategic fit, value consideration, potential growth and cash requirements. We are currently advancing multiple asset sale processes.

Capital Requirements

Our primary uses of cash include the cash costs of coal production, capital expenditures, coal reserve lease and royalty payments, debt service costs (including interest and principal), capital and operating lease payments, postretirement plans, take or pay obligations and past mining retirement obligations.

We had various bilateral credit and liquidity arrangements with banks, lenders and other counterparties that we used to support the ongoing requirements of our operations, where possible. In the second half of 2015, we were notified by several of such counterparties that our bilateral creditline would not be renewed unless we posted additional collateral. We posted additional collateral in the form of letters of credit.

We continually monitor capital and financial market conditions to evaluate the availability of alternative financing sources, including our ability to offer and sell securities. Our ability to obtain external financing and the cost of such financing is affected by our credit ratings, which are periodically reviewed by the three major credit rating agencies. In 2015, each of the three agencies downgraded our corporate credit rating and in early 2016 two of the three agencies again downgraded our corporate rating. The credit downgrades were, in part, due to continued weakness in seaborne coal prices. Given our financial condition, liquidity and credit ratings, and the uncertainty in capital and financial markets, our ability to access the capital markets, on commercially reasonable terms or at all, has been negatively impacted, which in turn, may impair our ability to fund our capital requirements.

While we were not required to post additional collateral as a direct result of our credit downgrades for counterparties to any of our derivative contracts, we have experienced an unfavorable change in payment terms and willingness to transact from certain coal trading counterparties. Also, we were required to issue a letter of credit of $65.0 million in the first quarter of 2015 (which has subsequently been reduced to $53.6 million) due to the downgrades to the benefit of one of our customers for a pricing rebate agreed to in 2014 in connection with an arbitration process, which correspondingly reduced our available liquidity as of December 31, 2015.

Additions to Property, Plant, Equipment and Mine Development. We evaluate our capital project portfolio on an ongoing basis and believe we have the appropriate flexibility to adjust our growth capital spending as appropriate based on any material changes in our cash flows from operations and liquidity position.

Additions to property, plant, equipment and mine development during the year ended December 31, 2015 included expenditures associated with advancing the reserve development at the Gateway North Mine in the U.S., which replaces production from the existing Gateway Mine as its reserves are exhausted in the second half of 2015.

In response to the challenging global environment, we have sought to maintain a controlled, disciplined approach to capital spending in order to preserve liquidity. In 2015, we reduced our additions to property, plant, equipment and mine development to $126.8 million, a 35% decrease compared to the prior year. For 2016, we are again targeting a tightly controlled capital expenditure level of $120 million to $140 million. We plan to defer any significant growth and development projects across our global platform to time periods beyond 2016 and will continue to evaluate the timing associated with those projects based on changes in global coal supply and demand.

Coal Lease Expenditures. Federal coal lease expenditures, which pertain to U.S. federal coal reserves we lease from the U.S. Bureau of Land Management in support of our Western U.S. Mining segment operations, amounted to $277.2 million in 2015. We currently anticipate that our annual federal coal lease expenditures will total approximately $250 million and $1 million in 2016 and 2017, respectively. In January 2016, Secretary of the Interior Sally Jewell ordered a three-year pause on new leases for coal mined on federal land as part of a review of the government's management of vast amounts of taxpayer-owned coal throughout the West.

Total Indebtedness. Our total indebtedness as of December 31, 2015 and 2014 consisted of the following:

	December 31,	
	2015	2014
	(Dollars in millions)	
2013 Term Loan Facility due September 2020	$ 1,164.9	$ 1,175.1
7.375% Senior Notes due November 2016	—	650.0
6.00% Senior Notes due November 2018	1,518.8	1,518.8
6.50% Senior Notes due September 2020	650.0	650.0
6.25% Senior Notes due November 2021	1,339.6	1,339.6
10.00% Senior Secured Second Lien Notes due March 2022	978.4	—
7.875% Senior Notes due November 2026	247.7	247.6
Convertible Junior Subordinated Debentures due December 2066	385.2	382.3
Capital lease obligations	30.3	22.2
Other	0.7	1.2
Total	$ 6,315.6	$ 5,986.8

The carrying amounts of the 2013 Term Loan Facility due September 2020, the 10.00% Senior Secured Second Lien Notes due March 2022, the 7.875% Senior Notes due November 2026 and the Convertible Junior Subordinated Debentures due December 2066 (the Debentures) have been presented above net of the respective unamortized original issue discounts.

Long-term Debt Covenants. Certain of our long-term debt arrangements contain various administrative, reporting, legal and financial covenants. We are permitted to pay dividends, buy and sell assets and make redemptions or repurchases of capital stock, subject to restrictions imposed by the 2013 Credit Facility. Our negative covenants also collectively limit our ability to pay dividends from the top-level Gibraltar holding company of our Australian operations to our domestic subsidiaries in an amount in excess of $500 million per year. We were in compliance with our long-term debt covenants as of December 31, 2015.

The financial covenants included in our 2013 Credit Facility require us to maintain a maximum Consolidated Net Secured First Lien Leverage Ratio, as defined in the 2013 Credit Facility, and a minimum Consolidated Interest Coverage Ratio, as defined in the 2013 Credit Facility. More specifically, we are required to maintain, as of the end of any fiscal quarter, (1) a Consolidated Net Secured First Lien Leverage Ratio, which is the ratio of Consolidated Net Senior First Lien Secured Debt, as defined in the 2013 Credit Facility, to Consolidated EBITDA, as defined in the 2013 Credit Facility, not to exceed 4.5 to 1.0 and (2) a Consolidated Interest Coverage Ratio, which is the ratio of Consolidated EBITDA to Consolidated Net Cash Interest Charges, as defined in the 2013 Credit Facility, of at least 1.0 to 1.0, in each case calculated for the four prior consecutive fiscal quarters. Our Consolidated Net Secured First Lien Leverage Ratio was approximately 1.6 to 1.0 and our Consolidated Interest Coverage Ratio was approximately 1.3 to 1.0, in each case, as of December 31, 2015. and our borrowing capacity under the 2013 Credit Facility may be less than the maximum borrowing capacity. The maximum borrowing capacity under the 2013 Credit Facility is limited by our Consolidated Net Secured First Lien Leverage Ratio, as described above, such that any borrowings under the 2013 Revolver plus outstanding borrowings under the 2013 Term Loan Facility and any other senior secured first lien debt, less cash and cash equivalents, cannot exceed our Consolidated EBITDA, as defined in the 2013 Credit Facility, as of the end of any computation period by a ratio of more than 4.5 to 1.0.

We currently anticipate that our reported Adjusted EBITDA and other sources of earnings or adjustments used to calculate Consolidated EBITDA (if such other sources of earnings or adjustments do not include the proceeds of certain targeted asset sales) will fall below our Consolidated Net Cash Interest Charges during 2016, and we anticipate we will not comply with our financial covenants on March 31, 2016. Other sources of earnings or adjustments to our reported Adjusted EBITDA provided for under our financial covenants may include, in certain instances, cash proceeds from asset monetization activities. In the event of a financial covenant breach, we could request an amendment to, or waiver of, the covenant from our revolving lenders.

We have a history of engaging with our lenders to proactively address ongoing financial covenant compliance and our liquidity and financial flexibility, as evidenced by the First Amendment discussed above. Nonetheless, we cannot guarantee that such endeavors, if necessary, would prove successful in the future. If we are unable to maintain compliance with these financial covenants and are unable to obtain waivers or amendments from our revolving lenders, the revolving lenders may declare revolving loans under our 2013 Credit Facility due and begin to exercise remedies. If such event occurs and the exercise of remedies are material, the term loans and revolver under our 2013 Credit Facility may be declared due by lenders, which would trigger the cross-acceleration provisions in our Senior Notes, and our Senior Secured Second Lien Notes meaning that the debt owing under such agreements could be accelerated. If our indebtedness is accelerated, we may not be able to repay our debt or borrow sufficient funds to refinance it. Even if we are able to obtain new financing, it may not be on commercially reasonable terms or on terms that are acceptable to us. If our debt is in default for any reason and we are unable to successfully restructure our debt, our business, financial condition and results of operations could be materially and adversely affected, which could require us to reorganize our company in its entirety, including through bankruptcy proceedings. Refer to Part I, Item 1A. “Risk Factors” of this Annual Report on Form 10-K for a discussion of the risks associated with our indebtedness, liquidity and debt covenants.

Dividends. We had declared and paid quarterly dividends since our initial public offering in 2001, including $1.4 million paid in 2015 ($0.0375 per share each quarter). In connection with our ongoing efforts to manage our cash and preserve liquidity in light of the challenged global coal market conditions experienced in recent years, our Board of Directors suspended our quarterly dividend beginning in the third quarter of 2015. Our Board of Directors will continue to evaluate the appropriate dividend rate over time. The declaration and payment of dividends in the future and the amount of those dividends will depend on our results of operations, financial condition, cash requirements, future prospects, any limitations imposed by our debt covenants and other factors that our Board of Directors may deem relevant to such evaluations.

Settlement Agreement with Patriot and the UMWA. In connection with our settlement agreement with Patriot and the UMWA, on behalf of itself, its represented Patriot employees and its represented Patriot retirees, that became effective in December 2013 (2013 Agreement), we were required to provide total payments of $310 million payable over four years through 2017 to partially fund the newly established voluntary employee beneficiary association (VEBA) and settle all Patriot and UMWA claims involving Patriot's first bankruptcy. Those payments included an initial payment of $90 million made in January 2014, comprised of $70 million paid to Patriot and $20 million paid to the VEBA, and subsequent payments of $75 million in 2015, $75 million in 2016 and $70 million in 2017 to be paid to the VEBA.

We, Patriot and the UMWA signed a new settlement agreement (2015 Agreement) on December 30, 2015 that became effective in early January 2016. The 2015 Agreement partially amended the 2013 Agreement, including the required payments to the UMWA VEBA. Under the 2015 Agreement, we are required to pay the VEBA $7.5 million per month for ten months beginning January 2016 for total payments to the VEBA of $75 million. Under no circumstances can we be forced to pay more than $75 million to the VEBA. The 2015 Agreement will provide cash savings of approximately $70 million as compared to the payment provisions of the 2013 Agreement.

Refer to Note 25. "Matters Related to the Bankruptcy of Patriot Coal Corporation" to the accompanying consolidated financial statements for additional information surrounding the settlement agreement.

Pension Contributions. Annual contributions to qualified plans are made in accordance with minimum funding standards and the Company's agreement with the Pension Benefit Guaranty Corporation. Funding decisions also consider certain funded status thresholds defined by the Pension Protection Act of 2006 (generally 80%). During the year ended December 31, 2015, we contributed $4.5 million and $1.7 million to our qualified and non-qualified pension plans, respectively. We expect to contribute approximately $2.2 million to our pension plans to meet minimum funding requirements for our qualified plans and benefit payments for our non-qualified plans in 2017 after all contingencies were satisfied.

Share Repurchases. As of December 31, 2015, our remaining available capacity for share repurchases under our publicly-announced repurchase program authorized by our Board of Directors was $700.4 million. Repurchases may be made from time to time based on an evaluation of our outlook and general business conditions, as well as alternative investment and debt repayment options.

Historical Cash Flows

The following table summarizes our cash flows for the years ended December 31, 2015 and 2014, as reported in the accompanying consolidated financial statements:

	Year Ended December 31,		Increase (Decrease) to Cash Flow	
	2015	2014	$	%
	(Dollars in millions)			
Net cash (used in) provided by operating activities	$ (14.4)	$ 336.6	$ (351.0)	(104.3)%
Net cash used in investing activities	(290.0)	(314.5)	24.5	7.8 %
Net cash provided by (used in) financing activities	267.7	(168.1)	435.8	259.3 %
Net change in cash and cash equivalents	(36.7)	(146.0)	109.3	74.9 %
Cash and cash equivalents at beginning of period	298.0	444.0	(146.0)	(32.9)%
Cash and cash equivalents at end of period	$ 261.3	$ 298.0	$ (36.7)	(12.3)%

Operating Activities. The decrease in net cash provided by operating activities for the year ended December 31, 2015 compared to the prior year was driven by the decline in results from operations due to a decline in coal pricing and demand during 2015.

Investing Activities. The favorable change in cash results from investing activities for the year ended December 31, 2015 compared to the prior year was mainly due to:

- Lower current year capital spending as we continue to tightly control capital to preserve liquidity ($67.6 million);
- Higher net proceeds from debt and equity security investment transactions ($76.8 million) due mainly from the fourth quarter 2015 sale of debt securities and the second quarter 2015 divestment of our prior holdings of Winsway Enterprises Holdings Limited marketable equity securities; partially offset by
- Lower proceeds from the disposal of assets driven by cash received from the first quarter 2014 sale of a non-strategic exploration tenement asset in Australia and certain sale-leaseback transactions completed in the prior year ($133.3 million).

Financing Activities. The increase in net cash provided by financing activities for the year ended December 31, 2015 compared to the prior year was reflective of:

- Proceeds from the issuance of our Senior Secured Second Lien Notes ($975.7 million, net of original issue discount); and
- Lower dividend payments due to the elimination of our quarterly dividend in the third quarter of 2015 ($90.9 million); partially offset by
- The extinguishment of $650.0 million aggregate principal amount of our 2016 Senior Notes using a portion of the proceeds from our Senior Secured Second Lien Notes.

Contractual Obligations

The following is a summary of our contractual obligations as of December 31, 2015:

	Payments Due By Year				
	Total	Less than 1 Year	2 - 3 Years	4 - 5 Years	More than 5 Years
	(Dollars in millions)				
Long-term debt obligations (principal and interest)	$ 9,727.2	$ 6,694.7	$ 894.7	$ 670.1	$ 1,467.7
Capital lease obligations (principal and interest)	40.1	12.9	16.1	1.0	10.1
Operating lease obligations(1)	598.8	191.5	283.2	87.6	36.5
Unconditional purchase obligations(2)	20.0	20.0	—	—	—
Coal reserve lease and royalty obligations(3)	363.6	254.3	40.2	38.3	30.8
Take or pay obligations(4)	2,236.0	301.3	564.7	401.7	968.3
Other long-term liabilities(5)	3,049.7	295.2	348.1	366.7	2,039.7
Total contractual cash obligations	$ 16,035.4	$ 7,769.9	$ 2,147.0	$ 1,565.4	$ 4,553.1

(1) Excludes contingent rents. Refer to Note 13. "Leases" to the accompanying consolidated financial statements for additional discussion of contingent rental agreements.

(2) We routinely enter into purchase agreements with approved vendors for most types of operating expenses in the ordinary course of business. Our specific open purchase orders (which have not been recognized as a liability) under these purchase agreements, combined with any other open purchase orders, are not material and though they are considered enforceable and legally binding, the related terms generally allow us the option to cancel, reschedule or adjust our requirements based on our business needs prior to the delivery of goods or performance of services. Accordingly, the commitments in the table above relate to orders to suppliers for capital purchases.

(3) Includes $0.2 billion of federal coal lease expenditures due in annual installments through 2018, the substantial majority of which end after 2016.

(4) Represents various short- and long-term take or pay arrangements in Australia and the U.S. associated with rail and port commitments for the delivery of coal, including amounts relating to export facilities. Also includes commitments under electricity, water and coal washing agreements with joint ventures. Subsequent to December 31, 2015, the Company amended certain contracts to reduce U.S. transportation and logistics costs. In connection with these amendments, Peabody will realize a net reduction of approximately $45 million in estimated liquidated damage payments that otherwise would have become due with respect to these take-or-pay arrangements in 2017. The amounts above are shown net of amendment.

(5) Represents long-term liabilities relating to our postretirement benefit plans, work-related injuries and illnesses, defined benefit pension plans, mine reclamation and end of mine closure costs and exploration obligations. Also includes $75 million of required payments to the VEBA established in connection with Patriot's bankruptcy, as discussed in further detail in the "Capital Requirements" section above.

We do not expect any of the $19.6 million of net unrecognized tax benefits reported in our consolidated financial statements to require cash settlement within the next year. Beyond that, we are unable to make reasonably reliable estimates of periodic cash settlements with respect to such unrecognized tax benefits.

Off-Balance Sheet Arrangements

In the normal course of business, we are a party to guarantees and financial instruments with off-balance-sheet risk, most of which are not reflected in the accompanying consolidated balance sheets. As of March 15, 2016, we do not expect any material losses to result from these guarantees or off-balance-sheet instruments in excess of liabilities already provided for in the consolidated balance sheet as of December 31, 2015. However, we could experience a decline in our liquidity as financial assurances associated with reclamation obligations, bank guarantees, surety bonds or other obligations are required to be collateralized by cash or letters of credit.

Guarantees and Other Financial Instruments with Off-Balance Sheet Risk. See Note 23. "Financial Instruments, Guarantees with Off-Balance Sheet Risk and Other Guarantees" to our consolidated financial statements for a discussion of our accounts receivable securitization program and guarantees and other financial instruments with off-balance sheet risk.

As previously noted, we had various bilateral credit and liquidity arrangements with banks, lenders and other counterparties that were generally provided on an uncommitted basis and were subject to be repriced, or the related capacity reduced or withdrawn, with limited or no notice by such counterparties. Earlier this year, we were notified by several of such counterparties that our bilateral credit lines would not be renewed, which may limit our ability to conduct our corporate hedging activities or to obtain sufficient bank guarantees required by our operations in Australia without posting additional collateral in the form of letters of credit. To the extent that our creditworthiness, as determined by such counterparties, deteriorates further, such credit arrangements may continue to become more costly and/or less available.

Critical Accounting Policies and Estimates

Our discussion and analysis of our financial condition, results of operations, liquidity and capital resources is based upon our financial statements, which have been prepared in accordance with U.S. GAAP. We are also required under U.S. GAAP to make estimates and judgments that affect the reported amounts of assets, liabilities, revenues and expenses, and related disclosure of contingent assets and liabilities. On an ongoing basis, we evaluate our estimates. We base our estimates on historical experience and on various other assumptions that we believe are reasonable under the circumstances, the results of which form the basis for making judgments about the carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

Impairment of Long-Lived Assets. We evaluate our long-lived assets used in operations for impairment as events and changes in circumstances indicate that the carrying amount of such assets might not be recoverable. Factors that would indicate potential impairment to be present include, but are not limited to, a sustained history of operating or cash flow losses, an unfavorable change in earnings and cash flow outlook, prolonged adverse industry or economic trends and a significant adverse change in the extent or manner in which a long-lived asset is being used or in its physical condition. We generally do not view short-term declines in thermal and metallurgical coal prices in the markets in which we sell those products as a triggering event for conducting impairment tests because such markets have a history of price volatility. However, we view a sustained trend of depressed coal market pricing (for example, over periods exceeding one year) as an indicator of potential impairment.

Assets are grouped at the lowest level for which there are identifiable cash flows that are largely independent of the cash flows of other groups of assets. For our active mining operations, we generally group such assets at the mine level, or the mining complex level for mines that share infrastructure, with the exception of impairment evaluations triggered by mine closures. In those cases involving mine closures, the related assets are evaluated at the individual asset level for transferability to ongoing operating sites, remaining economic life for use in reclamation-related activities or for expected salvage. For our development and exploration properties and portfolio of surface land and coal reserve holdings, we consider several factors to determine whether to evaluate those assets individually or on a grouped basis for purposes of impairment testing. Such factors include geographic proximity to one another, the expectation of shared infrastructure upon development based on future mining plans and whether it would be most advantageous to bundle such assets in the event of a sale to a third party.

When indicators of impairment are present, we evaluate our long-lived assets used in operations for recoverability by comparing the estimated undiscounted cash flows expected to be generated by those assets under various assumptions to their carrying amounts. If such undiscounted cash flows indicate that the carrying value of the asset group is not recoverable, impairment losses are measured by comparing the estimated fair value of the asset group to its carrying amount. As quoted market prices are unavailable for our individual mining operations, fair value is determined through the use of an expected present value technique based on the income approach, except for non-strategic coal reserves, surface lands and undeveloped coal properties excluded from our long-range mine planning. In those cases, a market approach is utilized based on the most comparable market multiples available. The estimated future cash flows and underlying assumptions used to assess recoverability and, if necessary, measure the fair value of our long-lived assets are derived from those developed in connection with our planning and budgeting process. We believe our assumptions are consistent with those a market participant would use for valuation purposes. The most critical assumptions underlying our projections include those surrounding future coal prices for unpriced coal, production costs (including costs for labor, commodity supplies and contractors), transportation costs, foreign currency exchange rates and a risk-adjusted, after-tax cost of capital (all of which generally constitute unobservable Level 3 inputs under the fair value hierarchy), in addition to market multiples for non-strategic coal reserves, surface lands and undeveloped coal properties excluded from our long-range mine planning (which generally constitute Level 3 inputs under the fair value hierarchy).

Impairment of long-lived assets included in continuing operations was $1,001.3 million for the year ended December 31, 2015. The assumptions used are based on our best knowledge at the time we prepare our analysis but can vary significantly due to changes in coal supply and demand, regulatory issues, unforeseen mining conditions, commodity prices and cost of labor. These types of changes may cause us to be unable to recover all or a portion of the carrying value of its long-lived assets. Because of the volatile and cyclical nature of the international seaborne coal markets, it is reasonably possible that seaborne metallurgical coal prices may not improve or decrease further in the near term, which, absent sufficient mitigation such as an offsetting reduction in the Company's operating costs, may result in the need for future adjustments to the carrying value of our long-lived mining assets. The Company's assets whose recoverability and values are most sensitive to near-term pricing include certain Australian metallurgical and thermal assets for which impairment charges were recorded in 2015 and certain U.S. coal properties being leased to unrelated mining companies under agreements that require royalties to be paid as the coal is mined. Such assets had an aggregate carrying value of $186.1 million as of December 31, 2015. We conducted a review of those assets for recoverability as of December 31, 2015 and determined that, other than the charges described above, no further impairment charge was necessary as of that date.

See Note 2. "Asset Impairment" to our consolidated financial statements for additional information regarding impairment charges.

Income Taxes. We account for income taxes in accordance with accounting guidance which requires deferred tax assets and liabilities be recognized using enacted tax rates for the effect of temporary differences between the book and tax bases of recorded assets and liabilities. The guidance also requires that deferred tax assets be reduced by a valuation allowance if it is “more likely than not” that some portion or all of the deferred tax asset will not be realized. In our evaluation of the need for a valuation allowance, we take into account various factors, including the expected level of future taxable income, available tax planning strategies, reversals of existing taxable temporary differences and taxable income in carryback years. As of December 31, 2015, we had valuation allowances for income taxes totaling $1,447.3 million. If actual results differ from the assumptions made in our annual evaluation of our valuation allowance, we may record a change in valuation allowance through income tax expense in the period such determination is made.

Our liability for unrecognized tax benefits contains uncertainties because management is required to make assumptions and to apply judgment to estimate the exposures associated with our various filing positions. We recognize the tax benefit from an uncertain tax position only if it is “more likely than not” that the tax position will be sustained on examination by the taxing authorities, based on the technical merits of the position. The tax benefits recognized in the financial statements from such a position must be measured based on the largest benefit that has a greater than 50% likelihood of being realized upon ultimate settlement. As of December 31, 2015, we had net unrecognized tax benefits of $19.6 million included in recorded liabilities in the consolidated balance sheet. We believe that our judgments and estimates are reasonable; however, to the extent we prevail in matters for which liabilities have been established, or are required to pay amounts in excess of our recorded liabilities, our effective tax rate in a given period could be materially affected.

See Note 10. "Income Taxes" in the accompanying consolidated financial statements for additional information regarding valuation allowances and unrecognized tax benefits.

Postretirement Benefit and Pension Liabilities. We have long-term liabilities for our employees’ postretirement benefit costs and defined benefit pension plans. Liabilities for postretirement benefit costs are not funded. Our pension obligations are funded in accordance with the provisions of applicable laws. Expense for the year ended December 31, 2015 for postretirement benefit costs and pension liabilities totaled $98.6 million, while employer contributions were $51.0 million.

Each of these liabilities is actuarially determined and we use various actuarial assumptions, including the discount rate, future cost trends, demographic assumptions and expected asset returns to estimate the costs and obligations for these items. Our discount rate is determined by utilizing a hypothetical bond portfolio model which approximates the future cash flows necessary to service our liabilities. We make assumptions related to future trends for medical care costs in the estimates of postretirement benefit costs. Our medical trend assumption is developed by annually examining the historical trend of cost per claim data. In addition, we make assumptions related to rates of return on plan assets in the estimates of pension obligations. If our assumptions do not materialize as expected, actual cash expenditures and costs that we incur could differ materially from our current estimates. Moreover, regulatory changes could affect our obligation to satisfy these or additional obligations.

For our postretirement benefit obligation, assumed discount rates and health care cost trend rates have a significant effect on the expense and liability amounts reported for our health care plans. Below we have provided two separate sensitivity analyses to demonstrate the significance of these assumptions in relation to reported amounts.

	For Year Ended December 31, 2015	
	One-Percentage-Point Increase	One-Percentage-Point Decrease
	(Dollars in millions)	
Health care cost trend rate:		
Effect on total net periodic postretirement benefit cost	$ 10.7	$ (9.4)
Effect on total postretirement benefit obligation	$ 71.3	$ (62.3)

	For Year Ended December 31, 2015	
	One-Half Percentage-Point Increase	One-Half Percentage-Point Decrease
	(Dollars in millions)	
Discount rate:		
Effect on total net periodic postretirement benefit cost	$ (2.3)	$ 2.1
Effect on total postretirement benefit obligation	$ (38.2)	$ 40.2

For our pension obligation, assumed discount rates and expected returns on assets have a significant effect on the expense and funded status amounts reported for our defined benefit pension plans. Below we have provided two separate sensitivity analyses to demonstrate the significance of these assumptions in relation to reported amounts.

	For Year Ended December 31, 2015	
	One-Half Percentage-Point Increase	One-Half Percentage-Point Decrease
	(Dollars in millions)	
Discount rate:		
Effect on total net periodic pension cost	$ (7.0)	$ 7.6
Effect on defined benefit pension plans' funded status	$ 46.7	$ (51.1)
Expected return on assets:		
Effect on total net periodic pension cost	$ (3.9)	$ 3.9

See Note 15. "Postretirement Health Care and Life Insurance Benefits" and Note 16. "Pension and Savings Plans" to our consolidated financial statements for additional information regarding postretirement benefit and pension plans.

Asset Retirement Obligations. Our asset retirement obligations primarily consist of spending estimates for surface land reclamation and support facilities at both surface and underground mines in accordance with applicable reclamation laws in the U.S. and Australia as defined by each mining permit. Asset retirement obligations are determined for each mine using various estimates and assumptions including, among other items, estimates of disturbed acreage as determined from engineering data, estimates of future costs to reclaim the disturbed acreage and the timing of these cash flows, discounted using a credit-adjusted, risk-free rate. As changes in estimates occur (such as mine plan revisions, changes in estimated costs or changes in timing of the reclamation activities), the obligation and asset are revised to reflect the new estimate after applying the appropriate credit-adjusted, risk-free rate. If our assumptions do not materialize as expected, actual cash expenditures and costs that we incur could be materially different than currently estimated. Moreover, regulatory changes could increase our obligation to perform reclamation and mine closing activities. Asset retirement obligation expenses for the year ended December 31, 2015 were $45.5 million, and payments totaled $21.6 million. See Note 14. "Asset Retirement Obligations" to our consolidated financial statements for additional information regarding our asset retirement obligations.

Fair Value Measurements of Financial Instruments. We evaluate the quality and reliability of the assumptions and data used in our foreign currency forward and option contracts, commodity futures, swaps and options and physical commodity purchase/sale contracts (collectively referred to as “Instruments and Contracts”) to measure fair value in the three level hierarchy, Levels 1, 2 and 3. Level 3 fair value measurements are those where inputs are unobservable or observable but cannot be market-corroborated, requiring us to make assumptions about pricing by market participants.

Generally, these Instruments and Contracts are valued using internally generated models that include forward pricing curve quotes from one to three reputable brokers. Our valuation techniques also include basis adjustments for heat rate, sulfur and ash content, port and freight costs, and credit risk. We validate our valuation inputs with third-party information and settlement prices from other sources where available. We also consider credit and nonperformance risk in the fair value measurement by analyzing the counterparty's exposure balance, credit rating and average default rate, net of any counterparty credit enhancements (e.g., collateral), as well as our own credit rating for financial liability trading positions. Certain Instruments and Contracts include a credit valuation adjustment based on credit and non-performance risk. If the relative value of the credit valuation adjustment to total fair value is greater than 10%, the Company considers the adjustment to be an unobservable input. Thus, the Instrument or Contract is considered Level 3.

We have consistently applied these valuation techniques in all periods presented, and believe we have obtained the most accurate information reasonably available for the types of Instruments and Contracts held. Valuation changes from period to period for each level will increase or decrease depending on: (1) the relative change in fair value for positions held, (2) new positions added, (3) realized amounts for completed trades, and (4) transfers between levels. Our strategies utilize various Instruments and Contracts. Periodic changes in fair value for purchase and sale positions occur in each level and therefore, the overall change in value of our Instruments and Contracts requires consideration of valuation changes across all levels.

At December 31, 2015 we had liabilities of $324.4 million of Non Coal Trading Instruments and Contracts categorized as Level 3. See Note 6. "Derivatives and Fair Value Measurements" to our consolidated financial statements for additional information regarding fair value measurements of our net financial asset trading positions.

At December 31, 2015 and 2014, we had liabilities of $15.6 million and assets of $2.1 million, respectively, of Coal Trading Instruments and Contracts categorized as Level 3. See Note 7. "Coal Trading" to our consolidated financial statements for additional information regarding fair value measurements of our net financial asset trading positions.

Contingent liabilities. From time to time, we are subject to legal and environmental matters related to our continuing and discontinued operations and certain historical, non-coal producing operations. In connection with such matters, we are required to assess the likelihood of any adverse judgments or outcomes, as well as potential ranges of probable losses.

A determination of the amount of reserves required for these matters is made after considerable analysis of each individual issue. We accrue for legal and environmental matters within "Operating costs and expenses" when it is probable that a liability has been incurred and the amount of the loss can be reasonably estimated. We provide disclosure surrounding loss contingencies when we believe that it is at least reasonably possible that a material loss may be incurred or an exposure to loss in excess of amounts already accrued may exist. Adjustments to contingent liabilities are made when additional information becomes available that affects the amount of estimated loss, which information may include changes in facts and circumstances, changes in interpretations of law in the relevant courts, the results of new or updated environmental remediation cost studies and the ongoing consideration of trends in environmental remediation costs.

Accrued contingent liabilities exclude claims against third parties and are not discounted. The current portion of these accruals is included in "Accounts payables and accrued expenses" and the long-term portion is included in "Other noncurrent liabilities" in our consolidated balance sheets. In general, legal fees related to environmental remediation and litigation are charged to expense. We include the interest component of any litigation-related penalties within "Interest expense" in our consolidated statements of operations.

Newly Adopted Accounting Standards and Accounting Standards Not Yet Implemented

See Note 1. "Summary of Significant Accounting Policies" to our consolidated financial statements for a discussion of newly adopted accounting standards and accounting standards not yet implemented.

Item 7A. *Quantitative and Qualitative Disclosures About Market Risk.*

The potential for changes in the market value of our coal and freight-related trading, crude oil, diesel fuel, natural gas and foreign currency contract portfolios, as applicable, is referred to as "market risk." Market risk related to our coal trading and freight-related contract portfolio, which includes bilaterally-settled and over-the-counter (OTC) exchange-settled trading, in addition to, from time to time, the brokered trading of coal, is evaluated using a value at risk (VaR) analysis. VaR analysis is not used to evaluate our non-trading diesel fuel or foreign currency hedging portfolios, as applicable, or coal trading activities we employ in support of coal production (as discussed below). We attempt to manage market price risks through diversification, controlling position sizes and executing hedging strategies. Due to a lack of quoted market prices and the long-term, illiquid nature of the positions, we have not quantified market price risk related to our non-trading, long-term coal supply agreement portfolio.

Coal Trading Activities and Related Commodity Price Risk

Coal Price Risk Monitored Using VaR. We engage in direct and brokered trading of physical coal and freight-related commodities in OTC markets. These activities give rise to commodity price risk, which represents the potential loss that can be caused by an adverse change in the market value of a particular commitment. We actively measure, monitor, manage and hedge market price risk due to current and anticipated trading activities to remain within risk limits prescribed by management. For example, we have policies in place that limit the amount of market price risk, as measured by VaR, that we may assume at any point in time from our trading and brokerage activities.

We generally account for our coal trading activities using the fair value method, which requires us to reflect contracts with third parties that meet the definition of a derivative at market value in our consolidated financial statements, with the exception of contracts for which we have elected to apply the normal purchases and normal sales exception. Our trading portfolio included futures, forwards, swaps and options as of December 31, 2015. The use of VaR allows us to quantify in dollars, on a daily basis, a measure of price risk inherent in our trading portfolio. VaR represents the expected loss in portfolio value due to adverse market price movements over a defined time horizon (liquidation period) within a specified confidence level. Our VaR model is based on a variance/co-variance approach, which captures our potential loss exposure related to future, forward, swap and option positions. Our VaR model assumes a 5- to 15-day holding period, dependent upon the products within our portfolio, at the time of VaR measurement and produces an output corresponding with a 95% one-tailed confidence interval, which means that there is a one in 20 statistical chance that our portfolio could lose more than the VaR estimates during the assumed liquidation period. Our volatility calculation incorporates an exponentially weighted moving average algorithm based on price movements during the previous 60 market days, which makes our volatility more representative of recent market conditions while still reflecting an awareness of historical price movements. VaR does not estimate the maximum potential loss expected in the 5% of the time that changes in the portfolio value during the assumed liquidation period is expected to exceed measured VaR. We use stress testing and scenario analysis to help provide visibility in such cases, as discussed further below.

VaR analysis allows us to aggregate market price risk across products in the portfolio, compare market price risk on a consistent basis and identify the drivers of risk and changes thereto over time. We use historical data to estimate price volatility as an input to VaR. Given our reliance on historical data, we believe VaR is reasonably effective in characterizing market price risk exposures in markets in which there are not sudden fundamental changes or shifts in market conditions. Nonetheless, an inherent limitation of VaR is that past changes in market price risk factors may not produce accurate predictions of future market price risk. Due to that limitation, combined with the subjectivity in the choice of the liquidation period and reliance on historical data to calibrate our models, we perform stress and scenario analyses as needed to estimate the impacts of market price changes on the value of the portfolio. Additionally, back-testing is regularly performed to monitor the effectiveness of our VaR measure. The results of these analyses are used to supplement the VaR methodology and identify additional market price-related risks.

During the year ended December 31, 2015, the actual low, high and average VaR was $1.0 million, $8.3 million and $3.4 million, respectively.

Other Risk Exposures. We also use our coal trading and brokerage platform to support various coal production-related activities. These transactions may involve coal to be produced from our mines, coal sourcing arrangements with third-party mining companies, joint venture positions with producers or offtake agreements with producers. While the support activities (such as the forward sale of coal to be produced and/or purchased) may ultimately involve instruments sensitive to market price risk, the sourcing of coal in these arrangements does not involve market risk sensitive instruments and does not encompass the commodity price risks that we monitor through VaR analysis, as discussed above.

Future Realization. As of December 31, 2015, the timing of the estimated future realization of the value of our trading portfolio was as follows:

Year of Expiration	Percentage of Portfolio Total
2016	109 %
2017	(11)%
2018	2 %
	100 %

We also monitor other types of risk associated with our coal trading activities, including credit, market liquidity and counterparty nonperformance.

Credit and Nonperformance Risk

Coal Trading. The fair value of our coal trading assets and liabilities reflects adjustments for credit risk. Our exposure is substantially with electric utilities, energy marketers, steel producers and nonfinancial trading houses. Our policy is to independently evaluate each customer's creditworthiness prior to entering into transactions and to regularly monitor the credit extended. If we engage in a transaction with a counterparty that does not meet our credit standards, we seek to protect its position by requiring the counterparty to provide an appropriate credit enhancement. Also, when appropriate (as determined by our credit management function), we have taken steps to reduce our exposure to customers or counterparties whose credit has deteriorated and who may pose a higher risk of failure to perform under their contractual obligations. These steps include obtaining letters of credit or cash collateral (margin), requiring prepayments for shipments or the creation of customer trust accounts held for our benefit to serve as collateral in the event of a failure to pay or perform. To reduce our credit exposure related to trading and brokerage activities, we seek to enter into netting agreements with counterparties that permit us to offset asset and liability positions with such counterparties and, to the extent required, we will post or receive margin amounts associated with exchange-cleared and certain over-the-counter positions. We also continually monitor counterparty and contract nonperformance risk, if present, on a case-by-case basis.

Non-Coal Trading. The fair value of our non-coal trading derivative assets and liabilities reflects adjustments for credit risk. We manage our counterparty risk from our hedging activities related to foreign currency and fuel exposures, as applicable, through established credit standards, diversification of counterparties, utilization of investment grade commercial banks, adherence to established tenor limits based on counterparty creditworthiness and continual monitoring of that creditworthiness. To reduce our credit exposure for these hedging activities, we seek to enter into netting agreements with counterparties that permit us to offset receivable and payables with such counterparties in the event of default. We also continually monitor counterparties for nonperformance risk, if present, on a case-by-case basis.

Foreign Currency Risk

We utilize currency forwards and options to hedge currency risk associated with anticipated Australian dollar expenditures. The accounting for these derivatives is discussed in Note 6 "Derivatives and Fair Value Measurements" to our consolidated financial statements. At December 31, 2015, the majority of our derivative contracts used to hedge foreign currency risk were no longer considered highly effective at offsetting changes in cash flows. As a result, we could experience additional volatility in our earnings. Assuming we had no foreign currency hedging instruments in place, our exposure in operating costs and expenses due to a $0.05 change in the Australian dollar/U.S. dollar exchange rate is approximately $103 million for 2016. Taking into consideration the derivative contracts in place as of December 31, 2015, our net exposure to the same rate change is approximately $27 million for 2016. The notional amounts of our foreign currency hedge contracts as of December 31, 2015 are noted in the "Notional Amounts and Fair Value" section of Note 6 to our consolidated financial statements, which information is incorporated herein by reference.

Other Non-Coal Trading Activities — Commodity Price Risk

Long-Term Coal Contracts. We predominantly manage our commodity price risk for our non-trading, long-term coal contract portfolio through the use of long-term coal supply agreements (those with terms longer than one year) to the extent possible, rather than through the use of derivative instruments. Sales under such agreements comprised approximately 88%, 83% and 80% of our worldwide sales (by volume) for the years ended December 31, 2015, 2014 and 2013, respectively. As of December 31, 2015, approximately 100% of our projected 2016 U.S. coal production is priced at planned production levels of 150 million to 160 million tons. We had 40% to 45% of expected full year 2016 seaborne thermal coal volumes of 9 million to 10 million tons available for pricing at December 31, 2015. We expect near-term macroeconomic movements to dictate quarterly metallurgical coal pricing for the remainder of 2016 and we are targeting total 2016 metallurgical coal sales of approximately 14 million to 15 million tons.

Diesel Fuel and Explosives Hedges. We manage commodity price risk of the diesel fuel and explosives used in our mining activities through the use of cost pass-through contracts and derivatives, primarily swaps. Notional amounts outstanding under fuel-related and explosives-related derivative swap contracts are noted in the "Notional Amounts and Fair Value" section of Note 6 to our consolidated financial statements, which information is incorporated herein by reference. At December 31, 2015, the majority of our derivative contracts used to manage commodity price risk of the diesel fuel used in our mining activities were no longer considered highly effective at offsetting changes in cash flows. As a result, we could experience additional volatility in our earnings.

We expect to consume 125 to 135 million gallons of diesel fuel in 2016. Assuming we had no hedges in place, a $10 per barrel change in the price of crude oil (the primary component of a refined diesel fuel product) would increase or decrease our annual diesel fuel costs by approximately $30 million based on our expected usage. Taking into consideration hedges in place as of December 31, 2015, our net exposure to the same change in the price of crude oil is approximately $(5) million.

Interest Rate Risk

Our objectives in managing exposure to interest rate changes are to limit the impact of interest rate changes on earnings and cash flows and to lower overall borrowing costs. From time to time, we manage our debt to achieve a certain ratio of fixed-rate debt and variable-rate debt as a percent of net debt through the use of various hedging instruments. As of December 31, 2015, we had $5.2 billion of fixed-rate borrowings and $1.2 billion of variable-rate borrowings outstanding and had no interest rate swaps in place. A one percentage point increase in interest rates would result in an annualized increase to interest expense of approximately $5 million on our variable-rate borrowings. With respect to our fixed-rate borrowings, a one percentage point increase in interest rates would result in a decrease of approximately $18 million in the estimated fair value of these borrowings.

Item 8. *Financial Statements and Supplementary Data.*

See Part IV, Item 15. "Exhibits and Financial Statement Schedules" of this report for the information required by this Item 8, which information is incorporated by reference herein.

Item 9. *Changes in and Disagreements with Accountants on Accounting and Financial Disclosure.*

None.

Item 9A. *Controls and Procedures.*

Evaluation of Disclosure Controls and Procedures

Our disclosure controls and procedures are designed to, among other things, provide reasonable assurance that material information, both financial and non-financial, and other information required under the securities laws to be disclosed is accumulated and communicated to senior management, including the principal executive officer and principal accounting officer, on a timely basis. As of December 31, 2015, the end of the period covered by this Annual Report on Form 10-K, we carried out an evaluation of the effectiveness of the design and operation of our disclosure controls and procedures. Based upon that evaluation, our Chief Executive Officer and Chief Financial Officer have evaluated our disclosure controls and procedures (as defined in Rules 13a-15(e) and 15d-15(e) under the Securities Exchange Act of 1934) as of December 31, 2015, and concluded that such controls and procedures are effective to provide reasonable assurance that the desired control objectives were achieved.

Changes in Internal Control Over Financial Reporting

We periodically review our internal control over financial reporting as part of our efforts to ensure compliance with the requirements of Section 404 of the Sarbanes-Oxley Act of 2002. In addition, we routinely review our system of internal control over financial reporting to identify potential changes to our processes and systems that may improve controls and increase efficiency, while ensuring that we maintain an effective internal control environment. Changes may include such activities as implementing new systems, consolidating the activities of acquired business units, migrating certain processes to our shared services organizations, formalizing and refining policies and procedures, improving segregation of duties and adding monitoring controls. In addition, when we acquire new businesses, we incorporate our controls and procedures into the acquired business as part of our integration activities. There have been no changes in our internal control over financial reporting that occurred during the three months ended December 31, 2015 that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

Management's Report on Internal Control Over Financial Reporting

Management is responsible for maintaining and establishing adequate internal control over financial reporting. Our internal control framework and processes are designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of our consolidated financial statements for external purposes in accordance with U.S. generally accepted accounting principles.

Because of inherent limitations, any system of internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Management conducted an assessment of the effectiveness of our internal control over financial reporting using the criteria set by the Committee of Sponsoring Organizations of the Treadway Commission (COSO) in *Internal Control - Integrated Framework (2013)*. Based on this assessment, management concluded that the Company's internal control over financial reporting was effective to provide reasonable assurance that the desired control objectives were achieved as of December 31, 2015.

Our Independent Registered Public Accounting Firm, Ernst & Young LLP, has audited our internal control over financial reporting, as stated in their unqualified opinion report included herein.

/s/ Glenn L. Kellow	/s/ Amy B. Schwetz
Glenn L. Kellow *President and Chief Executive Officer*	Amy B. Schwetz *Executive Vice President and Chief Financial Officer*

March 15, 2016

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

The Board of Directors and Stockholders of Peabody Energy Corporation

We have audited Peabody Energy Corporation's (the Company's) internal control over financial reporting as of December 31, 2015, based on criteria established in Internal Control-Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission (2013 framework), (the COSO criteria). The Company's management is responsible for maintaining effective internal control over financial reporting, and for its assessment of the effectiveness of internal control over financial reporting included in the accompanying Management's Report on Internal Control Over Financial Reporting. Our responsibility is to express an opinion on the Company's internal control over financial reporting based on our audit.

We conducted our audit in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether effective internal control over financial reporting was maintained in all material respects. Our audit included obtaining an understanding of internal control over financial reporting, assessing the risk that a material weakness exists, testing and evaluating the design and operating effectiveness of internal control based on the assessed risk, and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion.

A company's internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

In our opinion, Peabody Energy Corporation maintained, in all material respects, effective internal control over financial reporting as of December 31, 2015, based on the COSO criteria.

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States), the consolidated balance sheets of Peabody Energy Corporation as of December 31, 2015 and 2014, and the related consolidated statements of operations, comprehensive income, changes in stockholders' equity, and cash flows for each of the three years in the period ended December 31, 2015 of Peabody Energy Corporation and our report dated March 15, 2016 expressed an unqualified opinion thereon that included an explanatory paragraph regarding Peabody Energy Corporation's ability to continue as a going concern.

/s/ Ernst & Young LLP

St. Louis, Missouri
March 15, 2016

Item 9B. *Other Information.*

None.

PART III

Item 10. *Directors, Executive Officers and Corporate Governance.*

The information required by Item 401 of Regulation S-K is included under the caption “Election of Directors-Director Qualifications” in our 2016 Proxy Statement and in Part I, Item 1. "Business" of this report under the caption “Executive Officers of the Company.” The information required by Items 405, 406 and 407(c)(3), (d)(4) and (d)(5) of Regulation S-K is included under the captions “Ownership of Company Securities — Section 16(a) Beneficial Ownership Reporting Compliance,” “Corporate Governance Matters” and “Information Regarding Board of Directors and Committees-Committees of the Board of Directors-Audit Committee” in our 2016 Proxy Statement. Such information is incorporated herein by reference.

Item 11. *Executive Compensation.*

The information required by Items 402 and 407(e)(4) and (e)(5) of Regulation S-K is included under the captions “Executive Compensation,” “Compensation Committee Interlocks and Insider Participation” and “Report of the Compensation Committee” in our 2016 Proxy Statement and is incorporated herein by reference.

Item 12. *Security Ownership of Certain Beneficial Owners and Management and Related Stockholder Matters.*

The information required by Item 403 of Regulation S-K is included under the caption “Ownership of Company Securities” in our 2016 Proxy Statement and is incorporated herein by reference.

Equity Compensation Plan Information

As required by Item 201(d) of Regulation S-K, the following table provides information regarding our equity compensation plans as of December 31, 2015:

Plan Category	(a) Number of Securities to be Issued upon Exercise of Outstanding Options, Warrants and Rights		Weighted-Average Exercise Price of Outstanding Options, Warrants and Rights		Number of Securities Remaining Available for Future Issuance Under Equity Compensation Plans (Excluding Securities Reflected in Column (a))
Equity compensation plans approved by security holders	164,260	(1)	$ 541.09	(2)	1,482,417
Equity compensation plans not approved by security holders	—		—		—
Total	164,260		$ 541.09		1,482,417

(1) Includes 15,201 shares issuable pursuant to outstanding deferred stock units and 17,337 shares issuable pursuant to outstanding performance units.

(2) The weighted-average exercise price shown in the table does not take into account outstanding deferred stock units or performance awards.

Refer to Note 18. "Share-Based Compensation" to the accompanying consolidated financial statements for additional information regarding the material features of our equity compensation plans.

Item 13. *Certain Relationships and Related Transactions, and Director Independence.*

The information required by Items 404 and 407(a) of Regulation S-K is included under the captions “Policy for Approval of Related Person Transactions” and “Information Regarding Board of Directors and Committees-Director Independence” in our 2016 Proxy Statement and is incorporated herein by reference.

Item 14. ***Principal Accountant Fees and Services.***

The information required by Item 9(e) of Schedule 14A is included under the caption "Fees Paid to Independent Registered Public Accounting Firm" in our 2016 Proxy Statement and is incorporated herein by reference.

PART IV

Item 15. ***Exhibits and Financial Statement Schedules.***

(a) Documents Filed as Part of the Report

(1) Financial Statements.

The following consolidated financial statements of Peabody Energy Corporation and the report thereon of the independent registered public accounting firm are included herein on the pages indicated:

	Page
Report of Independent Registered Public Accounting Firm	F-1
Consolidated Statements of Operations — Years Ended December 31, 2015, 2014 and 2013	F-2
Consolidated Statements of Comprehensive Income — Years Ended December 31, 2015, 2014 and 2013	F-3
Consolidated Balance Sheets — December 31, 2015 and 2014	F-4
Consolidated Statements of Cash Flows — Years Ended December 31, 2015, 2014 and 2013	F-5
Consolidated Statements of Changes in Stockholders' Equity — Years Ended December 31, 2015, 2014 and 2013	F-7
Notes to Consolidated Financial Statements	F-8

(2) Financial Statement Schedules.

The following financial statement schedule of Peabody Energy Corporation is at the page indicated:

	Page
Valuation and Qualifying Accounts	F- 93

All other schedules for which provision is made in the applicable accounting regulation of the Securities and Exchange Commission are not required under the related instructions or are not applicable and, therefore, have been omitted.

(3) Exhibits.

See Exhibit Index hereto.

Pursuant to the Instructions to Exhibits, certain instruments defining the rights of holders of long-term debt securities of the Company and its consolidated subsidiaries are not filed because the total amount of securities authorized under any such instrument does not exceed 10% of the total assets of the Company and its subsidiaries on a consolidated basis. A copy of such instrument will be furnished to the Securities and Exchange Commission upon request.

SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

PEABODY ENERGY CORPORATION

/s/ GLENN L. KELLOW
Glenn L. Kellow
President and Chief Executive Officer

Date: March 15, 2016

Pursuant to the requirements of the Securities Exchange Act of 1934, this report has been signed below by the following persons, on behalf of the registrant and in the capacities and on the dates indicated.

Signature	Title	Date
/s/ GLENN L. KELLOW Glenn L. Kellow	President and Chief Executive Officer, Director (principal executive officer)	March 15, 2016
/s/ AMY B. SCHWETZ Amy B. Schwetz	Executive Vice President and Chief Financial Officer (principal financial and accounting officer)	March 15, 2016
/s/ WILLIAM A. COLEY William A. Coley	Director	March 15, 2016
/s/ WILLIAM E. JAMES William E. James	Director	March 15, 2016
/s/ ROBERT B. KARN III Robert B. Karn III	Director	March 15, 2016
/s/ HENRY E. LENTZ Henry E. Lentz	Director	March 15, 2016
/s/ ROBERT A. MALONE Robert A. Malone	Chairman	March 15, 2016
/s/ WILLIAM C. RUSNACK William C. Rusnack	Director	March 15, 2016
/s/ MICHAEL W. SUTHERLIN Michael W. Sutherlin	Director	March 15, 2016
/s/ JOHN F. TURNER John F. Turner	Director	March 15, 2016
/s/ SANDRA A. VAN TREASE Sandra A. Van Trease	Director	March 15, 2016
/s/ HEATHER A. WILSON Heather A. Wilson	Director	March 15, 2016

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

The Board of Directors and Stockholders of Peabody Energy Corporation

We have audited the accompanying consolidated balance sheets of Peabody Energy Corporation (the Company) as of December 31, 2015 and 2014, and the related consolidated statements of operations, comprehensive income, changes in stockholders' equity, and cash flows for each of the three years in the period ended December 31, 2015. Our audits also included the financial statement schedule listed in the Index at Item 15(a). These financial statements and schedule are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements and schedule based on our audits.

We conducted our audits in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the consolidated financial position of Peabody Energy Corporation at December 31, 2015 and 2014, and the consolidated results of its operations and its cash flows for each of the three years in the period ended December 31, 2015, in conformity with U.S. generally accepted accounting principles. Also, in our opinion, the related financial statement schedule, when considered in relation to the basic financial statements taken as a whole, presents fairly, in all material respects the information set forth therein.

The accompanying consolidated financial statements have been prepared assuming the Company will continue as a going concern. As discussed in Note 1 to the financial statements, the Company incurred a substantial loss from operations and had negative cash flows from operating activities for the year ended December 31, 2015. The Company's operating plan indicates that it will continue to incur losses from operations, generate negative cash flows from operating activities and violate certain debt covenants during the year ended December 31, 2016. These projections and certain liquidity risks raise substantial doubt about the Company's ability to meet its obligations as they become due within one year after the date of this report and continue as a going concern. Management's plans in regards to these matters are also described in Note 1. The consolidated financial statements do not include any adjustments that might result from the outcome of this uncertainty, other than the reclassification of long-term debt and the related debt issuance costs to current liabilities and current assets, respectively.

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States), Peabody Energy Corporation's internal control over financial reporting as of December 31, 2015, based on criteria established in Internal Control-Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission (2013 framework), and our report dated March 15, 2016 expressed an unqualified opinion thereon.

/s/ Ernst & Young LLP

St. Louis, Missouri
March 15, 2016

PEABODY ENERGY CORPORATION
CONSOLIDATED STATEMENTS OF OPERATIONS

	Year Ended December 31,		
	2015	2014	2013
	(Dollars in millions, except per share data)		
Revenues			
Sales	$ 5,138.3	$ 6,132.7	$ 6,380.0
Other revenues	470.9	659.5	633.7
Total revenues	5,609.2	6,792.2	7,013.7
Costs and expenses			
Operating costs and expenses (exclusive of items shown separately below)	5,007.7	5,716.9	5,729.1
Depreciation, depletion and amortization	572.2	655.7	740.3
Asset retirement obligation expenses	45.5	81.0	66.5
Selling and administrative expenses	176.4	227.1	244.2
Restructuring and pension settlement charges	23.5	26.0	11.9
Other operating (income) loss:			
Net gain on disposal of assets	(45.0)	(41.4)	(52.6)
Asset impairment	1,277.8	154.4	528.3
Settlement charges related to the Patriot bankruptcy reorganization	—	—	30.6
Loss from equity affiliates	15.9	107.6	40.2
Operating loss	(1,464.8)	(135.1)	(324.8)
Interest expense	465.4	426.6	408.3
Loss on early debt extinguishment	67.8	1.6	16.9
Interest income	(7.7)	(15.4)	(15.7)
Loss from continuing operations before income taxes	(1,990.3)	(547.9)	(734.3)
Income tax (benefit) provision	(176.4)	201.2	(448.3)
Loss from continuing operations, net of income taxes	(1,813.9)	(749.1)	(286.0)
Loss from discontinued operations, net of income taxes	(175.0)	(28.2)	(226.6)
Net loss	(1,988.9)	(777.3)	(512.6)
Less: Net income attributable to noncontrolling interests	7.1	9.7	12.3
Net loss attributable to common stockholders	$ (1,996.0)	$ (787.0)	$ (524.9)
Loss from continuing operations			
Basic loss per share	$ (100.34)	$ (42.52)	$ (16.80)
Diluted loss per share	$ (100.34)	$ (42.52)	$ (16.80)
Net loss attributable to common stockholders			
Basic loss per share	$ (109.98)	$ (44.09)	$ (29.53)
Diluted loss per share	$ (109.98)	$ (44.09)	$ (29.53)
Dividends declared per share	$ 0.075	$ 5.100	$ 5.100

See accompanying notes to consolidated financial statements

PEABODY ENERGY CORPORATION
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

	Year Ended December 31,		
	2015	2014	2013
	(Dollars in millions)		
Net loss	$ (1,988.9)	$ (777.3)	$ (512.6)
Other comprehensive income (loss), net of income taxes:			
Net change in unrealized (losses) gains on available-for-sale securities (net of respective tax (benefit) provision of ($0.1), ($0.5) and $0.5)			
Unrealized holding losses on available-for-sale securities	—	(3.7)	(12.3)
Reclassification for realized losses included in net loss	—	2.9	12.8
Net change in unrealized (losses) gains on available-for-sale securities	—	(0.8)	0.5
Net unrealized gains (losses) on cash flow hedges (net of respective tax provision (benefit) of $72.2, ($54.6) and ($300.0))			
Decrease in fair value of cash flow hedges	(131.3)	(195.0)	(333.6)
Reclassification for realized losses (gains) included in net loss	251.7	(10.2)	(209.6)
Net unrealized gains (losses) on cash flow hedges	120.4	(205.2)	(543.2)
Postretirement plans and workers' compensation obligations (net of respective tax provision (benefit) of $36.2, $(10.3) and $121.7)			
Prior service credit (cost) for the period	10.4	11.4	(1.4)
Net actuarial gain (loss) for the period	18.1	(142.7)	110.9
Amortization of actuarial loss and prior service cost included in net loss	31.9	32.7	95.7
Postretirement plans and workers' compensation obligations	60.4	(98.6)	205.2
Foreign currency translation adjustment	(34.9)	(41.0)	(92.7)
Other comprehensive income (loss), net of income taxes	145.9	(345.6)	(430.2)
Comprehensive loss	(1,843.0)	(1,122.9)	(942.8)
Less: Comprehensive income attributable to noncontrolling interests	7.1	9.7	12.3
Comprehensive loss attributable to common stockholders	$ (1,850.1)	$ (1,132.6)	$ (955.1)

See accompanying notes to consolidated financial statements

PEABODY ENERGY CORPORATION
CONSOLIDATED BALANCE SHEETS

	December 31, 2015	December 31, 2014
	(Amounts in millions, except per share data)	
ASSETS		
Current assets		
Cash and cash equivalents	$ 261.3	$ 298.0
Accounts receivable, net of allowance for doubtful accounts of $6.6 at December 31, 2015 and $5.8 at December 31, 2014	228.8	563.1
Inventories	307.8	406.5
Assets from coal trading activities, net	23.5	57.6
Deferred income taxes	53.5	80.0
Other current assets	503.1	305.8
Total current assets	1,378.0	1,711.0
Property, plant, equipment and mine development, net	9,258.5	10,577.3
Deferred income taxes	2.2	0.7
Investments and other assets	382.6	902.1
Total assets	$ 11,021.3	$ 13,191.1
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current liabilities		
Current portion of long-term debt	$ 5,930.4	$ 21.2
Liabilities from coal trading activities, net	15.6	32.7
Accounts payable and accrued expenses	1,446.3	1,809.2
Total current liabilities	7,392.3	1,863.1
Long-term debt, less current portion	385.2	5,965.6
Deferred income taxes	69.1	89.1
Asset retirement obligations	686.6	722.3
Accrued postretirement benefit costs	722.9	781.9
Other noncurrent liabilities	846.7	1,042.6
Total liabilities	10,102.8	10,464.6
Stockholders' equity		
Preferred Stock — $0.01 per share par value; 10.0 shares authorized, no shares issued or outstanding as of December 31, 2015 or December 31, 2014	—	—
Perpetual Preferred Stock — 0.8 shares authorized, no shares issued or outstanding as of December 31, 2015 or December 31, 2014	—	—
Series Common Stock — $0.01 per share par value; 40.0 shares authorized, no shares issued or outstanding as of December 31, 2015 or December 31, 2014	—	—
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, 2015 and 19.0 shares issued and 18.1 shares outstanding as of December 31, 2014	0.2	0.2
Additional paid-in capital	2,410.7	2,386.0
Treasury stock, at cost — 0.8 shares as of December 31, 2015 and 0.9 shares as of December 31, 2014	(371.7)	(467.1)
(Accumulated deficit) retained earnings	(503.4)	1,570.5
Accumulated other comprehensive loss	(618.9)	(764.8)
Peabody Energy Corporation stockholders' equity	916.9	2,724.8
Noncontrolling interests	1.6	1.7
Total stockholders' equity	918.5	2,726.5
Total liabilities and stockholders' equity	$ 11,021.3	$ 13,191.1

See accompanying notes to consolidated financial statements

PEABODY ENERGY CORPORATION
CONSOLIDATED STATEMENTS OF CASH FLOWS

	Year Ended December 31,		
	2015	2014	2013
	(Dollars in millions)		
Cash Flows From Operating Activities			
Net loss	$ (1,988.9)	$ (777.3)	$ (512.6)
Loss from discontinued operations, net of income taxes	175.0	28.2	226.6
Loss from continuing operations, net of income taxes	(1,813.9)	(749.1)	(286.0)
Adjustments to reconcile loss from continuing operations, net of income taxes to net cash (used in) provided by operating activities:			
Depreciation, depletion and amortization	572.2	655.7	740.3
Noncash interest expense	30.6	23.6	32.0
Deferred income taxes	(107.6)	231.9	(434.1)
Noncash share-based compensation	28.2	46.8	50.9
Asset impairment	1,277.8	154.4	528.3
Settlement charges related to the Patriot bankruptcy	—	—	30.6
Net gain on disposal of assets	(45.0)	(41.4)	(52.6)
Loss from equity affiliates	15.9	107.6	40.2
Gains on previously monetized foreign currency hedge positions	(14.9)	(136.9)	—
Changes in current assets and liabilities:			
Accounts receivable	188.0	55.4	104.8
Change in receivable from accounts receivable securitization program	138.5	(70.0)	75.0
Inventories	96.2	104.9	39.9
Net assets from coal trading activities	(27.3)	(10.1)	(83.7)
Other current assets	14.8	7.7	3.1
Accounts payable and accrued expenses	(381.7)	(29.2)	(108.9)
Asset retirement obligations	23.9	60.3	45.5
Workers' compensation obligations	(4.2)	2.2	7.3
Accrued postretirement benefit costs	18.7	9.6	17.0
Accrued pension costs	29.6	28.3	51.8
Other, net	(20.9)	(10.7)	(21.3)
Net cash provided by continuing operations	18.9	441.0	780.1
Net cash used in discontinued operations	(33.3)	(104.4)	(57.7)
Net cash (used in) provided by operating activities	(14.4)	336.6	722.4
Cash Flows From Investing Activities			
Additions to property, plant, equipment and mine development	(126.8)	(194.4)	(328.4)
Changes in accrued expenses related to capital expenditures	(9.2)	(16.6)	(120.7)
Federal coal lease expenditures	(277.2)	(276.7)	(276.8)
Proceeds from disposal of assets, net of notes receivable	70.4	203.7	178.3
Purchases of debt and equity securities	(28.8)	(15.1)	(22.8)
Proceeds from sales and maturities of debt and equity securities	90.3	13.5	22.9
Maturity of short-term investments	—	—	4.8
Contributions to joint ventures	(425.4)	(529.8)	(671.7)
Distributions from joint ventures	422.6	534.2	722.9
Advances to related parties	(3.7)	(33.7)	(42.1)
Repayment of loans from related parties	0.9	5.4	25.2
Other, net	(3.1)	(5.0)	(5.8)
Net cash used in continuing operations	(290.0)	(314.5)	(514.2)
Net cash used in discontinued operations	—	—	(1.5)
Net cash used in investing activities	(290.0)	(314.5)	(515.7)

See accompanying notes to consolidated financial statements

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

	Year Ended December 31,		
	2015	2014	2013
	(Dollars in millions)		
Cash Flows From Financing Activities			
Proceeds from long-term debt	$ 975.7	$ 1.1	$ 1,188.0
Repayments of long-term debt	(671.3)	(21.0)	(1,390.2)
Payment of deferred financing costs	(28.7)	(10.1)	(22.8)
Dividends paid	(1.4)	(92.3)	(91.7)
Restricted cash for distributions to noncontrolling interests	—	(42.5)	—
Other, net	(6.6)	(3.3)	(4.8)
Net cash provided by (used in) financing activities	267.7	(168.1)	(321.5)
Net change in cash and cash equivalents	(36.7)	(146.0)	(114.8)
Cash and cash equivalents at beginning of year	298.0	444.0	558.8
Cash and cash equivalents at end of year	$ 261.3	$ 298.0	$ 444.0

See accompanying notes to consolidated financial statements

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PEABODY ENERGY CORPORATION
CONSOLIDATED STATEMENTS OF CHANGES IN STOCKHOLDERS' EQUITY

	Peabody Energy Corporation Stockholders' Equity						
	Common Stock	Additional Paid-in Capital	Treasury Stock	Retained Earnings (Accumulated Deficit)	Accumulated Other Comprehensive Income (Loss)	Noncontrolling Interests	Total Stockholders' Equity
	(Dollars in millions)						
December 31, 2012	$ 0.2	$ 2,288.9	$ (461.6)	$ 3,066.4	$ 11.0	$ 33.9	$ 4,938.8
Net (loss) income	—	—	—	(524.9)	—	12.3	(512.6)
Net change in unrealized gains on available-for-sale securities (net of $0.5 tax provision)	—	—	—	—	0.5	—	0.5
Net unrealized losses on cash flow hedges (net of $300.0 tax benefit)	—	—	—	—	(543.2)	—	(543.2)
Postretirement plans and workers' compensation obligations (net of $121.7 tax provision)	—	—	—	—	205.2	—	205.2
Foreign currency translation adjustment	—	—	—	—	(92.7)	—	(92.7)
Dividends paid	—	—	—	(91.7)	—	—	(91.7)
Share-based compensation for equity-classified awards	—	50.9	—	—	—	—	50.9
Write-off of excess tax benefits related to share-based compensation	—	(4.5)	—	—	—	—	(4.5)
Stock options exercised	—	1.0	—	—	—	—	1.0
Employee stock purchases	—	6.3	—	—	—	—	6.3
Repurchase of employee common stock relinquished for tax withholding	—	—	(3.1)	—	—	—	(3.1)
Distributions to noncontrolling interests	—	—	—	—	—	(7.0)	(7.0)
December 31, 2013	$ 0.2	$ 2,342.6	$ (464.7)	$ 2,449.8	$ (419.2)	$ 39.2	$ 3,947.9
Net (loss) income	—	—	—	(787.0)	—	9.7	(777.3)
Net change in unrealized losses on available-for-sale securities (net of $0.5 tax benefit)	—	—	—	—	(0.8)	—	(0.8)
Net unrealized losses on cash flow hedges (net of $54.6 tax benefit)	—	—	—	—	(205.2)	—	(205.2)
Postretirement plans and workers' compensation obligations (net of $10.3 tax benefit)	—	—	—	—	(98.6)	—	(98.6)
Foreign currency translation adjustment	—	—	—	—	(41.0)	—	(41.0)
Dividends paid	—	—	—	(92.3)	—	—	(92.3)
Share-based compensation for equity-classified awards	—	46.1	—	—	—	—	46.1
Write-off of excess tax benefits related to share-based compensation	—	(8.3)	—	—	—	—	(8.3)
Stock options exercised	—	0.5	—	—	—	—	0.5
Employee stock purchases	—	5.1	—	—	—	—	5.1
Repurchase of employee common stock relinquished for tax withholding	—	—	(2.4)	—	—	—	(2.4)
Distributions to noncontrolling interests	—	—	—	—	—	(4.7)	(4.7)
Dividend payable to noncontrolling interests	—	—	—	—	—	(42.5)	(42.5)
December 31, 2014	$ 0.2	$ 2,386.0	$ (467.1)	$ 1,570.5	$ (764.8)	$ 1.7	$ 2,726.5
Net (loss) income	—	—	—	(1,996.0)	—	7.1	(1,988.9)
Net change in unrealized losses on available-for-sale-securities (net of $0.1 tax benefit)	—	—	—	—	—	—	—
Net unrealized gains on cash flow hedges (net of $72.2 tax provision)	—	—	—	—	120.4	—	120.4
Postretirement plans and workers' compensation obligations (net of $36.2 tax provision)	—	—	—	—	60.4	—	60.4
Foreign currency translation adjustment	—	—	—	—	(34.9)	—	(34.9)
Dividends paid	—	—	—	(1.4)	—	—	(1.4)
Share-based compensation for equity-classified awards	—	26.2	—	—	—	—	26.2
Employee stock purchases	—	3.4	—	—	—	—	3.4
Repurchase of employee common stock relinquished for tax withholding	—	—	(2.1)	—	—	—	(2.1)
Defined contribution plan share contribution	—	(1.4)	97.5	(76.5)	—	—	19.6
Purchase of interest of noncontrolling shareholders	—	(3.5)	—	—	—	(0.5)	(4.0)
Consolidation of noncontrolling interests	—	—	—	—	—	1.6	1.6
Distributions to noncontrolling interests	—	—	—	—	—	(6.3)	(6.3)
Dividend payable to noncontrolling interests	—	—	—	—	—	(2.0) —	(2.0)
December 31, 2015	$ 0.2	$ 2,410.7	$ (371.7)	$ (503.4)	$ (618.9)	$ 1.6	$ 918.5

See accompanying notes to consolidated financial statements

PEABODY ENERGY CORPORATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

(1) Summary of Significant Accounting Policies

Basis of Presentation

The consolidated financial statements include the accounts of Peabody Energy Corporation (the Company) and its affiliates. Interests in subsidiaries controlled by the Company are consolidated with any outside shareholder interests reflected as noncontrolling interests, except when the Company has an undivided interest in an unincorporated joint venture. In those cases, the Company includes its proportionate share in the assets, liabilities, revenues and expenses of the jointly controlled entities within each applicable line item of the consolidated financial statements. All intercompany transactions, profits and balances have been eliminated in consolidation. Certain amounts from prior years have been reclassified to conform with the 2015 presentation.

Pursuant to the authorization provided at a special meeting of the Company's stockholders held on September 16, 2015, the Company completed a 1-for-15 reverse stock split of the shares of the Company's common stock on September 30, 2015 (the Reverse Stock Split). As a result of the Reverse Stock Split, every 15 shares of issued and outstanding common stock were combined into one issued and outstanding share of Common Stock, without any change in the par value per share. No fractional shares were issued as a result of the Reverse Stock Split and any fractional shares that would otherwise have resulted from the Reverse Stock Split were paid in cash. The Reverse Stock Split reduced the number of shares of common stock outstanding from approximately 278 million shares to approximately 19 million shares. The number of authorized shares of common stock was also decreased from 800 million shares to 53.3 million shares. The Company's common stock began trading on a reverse stock split-adjusted basis on the New York Stock Exchange on October 1, 2015. All share and per share data included in this report has been retroactively restated to reflect the Reverse Stock Split. Since the par value of the common stock remained at $0.01 per share, the value for "Common stock" recorded to the Company's condensed consolidated balance sheets has been retroactively reduced to reflect the par value of restated outstanding shares, with a corresponding increase to "Additional paid-in capital."

The Company has classified items within discontinued operations in the audited consolidated financial statements for disposals (by sale or otherwise) that have occurred prior to January 1, 2015 when the operations and cash flows of a disposed component of the Company were eliminated from the ongoing operations of the Company as a result of the disposal and the Company no longer had any significant continuing involvement in the operation of that component.

Description of Business

The Company is engaged in the mining of thermal coal for sale primarily to electric utilities and metallurgical coal for sale to industrial customers. The Company's mining operations are located in the United States (U.S.) and Australia, including an equity-affiliate mining operation in Australia. The Company also markets and brokers coal from other coal producers, both as principal and agent, and trades coal and freight-related contracts through trading and business offices in Australia, China, Germany, India, Indonesia, the United Kingdom and the U.S. (listed alphabetically). The Company's other energy-related commercial activities include participating in operations of a mine-mouth coal-fueled generating plant, managing its coal reserve and real estate holdings, evaluating Btu Conversion projects and supporting the development of clean coal technologies.

Going Concern, Liquidity and Management's Plan

As of December 31, 2015, the Company's available liquidity was $1.2 billion, which was substantially comprised of $940.0 million available for borrowing under a $1.65 billion revolving credit facility (the 2013 Revolver, as more fully described in Note 12. "Long-term Debt") and $261.3 million of cash and cash equivalents. During February 2016, the Company borrowed the maximum amount available under the 2013 Revolver for general corporate purposes. As of March 11, 2016, our available liquidity declined to $0.9 billion, which consisted primarily of cash and cash equivalents.

The Company incurred a substantial loss from operations and had negative cash flows from operating activities for the year ended December 31, 2015. The Company's current operating plan indicates that it will continue to incur losses from operations and generate negative cash flows from operating activities. These projections and certain liquidity risks raise substantial doubt about whether the Company will meet its obligations as they become due within one year after the date of this report. The Company also elected to exercise the 30-day grace period with respect to a $21.1 million semi-annual interest payment due March 15, 2016 on its 6.50% Senior Notes due September 2020 and a $50.0 million semi-annual interest payment due March 15, 2016 on its 10.00% Senior Secured Second Lien Notes due March 2022, as provided for in the indentures governing these notes. Failure to pay these interest amounts on March 15, 2016 is not immediately an event of default under the indentures governing the Notes, but would become an event of default if the payment is not made within 30 days of such date. As a result of these factors, as well as the continued uncertainty around global coal fundamentals, the stagnated economic growth of certain major coal-importing nations, and the potential for significant additional regulatory requirements imposed on coal producers, among other matters, there exists substantial doubt whether the Company will be able to continue as a going concern.

The accompanying consolidated financial statements are prepared on a going concern basis and do not include any adjustments that might result from uncertainty about our ability to continue as a going concern, other than the reclassification of certain long-term debt and the related debt issuance costs to current liabilities and current assets, respectively. The report from the Company's independent registered public accounting firm on its consolidated financial statements included herein includes an uncertainty paragraph that summarizes the salient facts or conditions that raise substantial doubt about the Company's ability to continue as a going concern.

The Company is currently exploring alternatives for other sources of capital for ongoing liquidity needs and transactions to enhance its ability to comply with the financial covenants under its 2013 Credit Facility. The Company is working to improve its operating performance and its cash, liquidity and financial position. This includes: pursuing the sale of non-strategic surplus land and coal reserves as well as existing mines, particularly the sale of the Company's El Segundo and Lee Ranch coal mines and related assets located in New Mexico and its Twentymile Mine in Colorado; continuing to drive cost improvements across the company, attempting to negotiate alternative payment terms with creditors; maintaining its current level of self-bonding and/or replacing self-bonding with other financial instruments on reasonable terms; evaluating potential debt buybacks, debt exchanges and new financing to improve its liquidity and reduce its financial obligations; and obtaining waivers of going concern and financial covenant violations under the 2013 Credit Facility. The Company has engaged financial and other advisors to assist in those efforts.

However, there can be no assurance that management’s plan to improve the Company’s operating performance and financial position will be successful or that the Company will be able to obtain additional financing on commercially reasonable terms or at all. As a result, the Company’s liquidity and ability to timely pay its obligations when due could be adversely affected. Furthermore, the Company’s creditors may resist renegotiation or lengthening of payment and other terms, or could seek shorter payment terms, through legal action or otherwise. If the Company is not able to timely, successfully or efficiently implement the strategies that it is pursuing to improve its operating performance and financial position, obtain alternative sources of capital or otherwise meet its liquidity needs, the Company may need to voluntarily seek protection under Chapter 11 of the U.S. Bankruptcy Code.

The 2013 Credit Facility and the indentures governing our 6.00%, 6.25%, 6.50% and 7.875% Senior Notes and our Senior Secured Second Lien Notes and the instruments governing our capital leases include cross-acceleration provisions, whereby the debt owing under such agreements would be accelerated upon certain events, include a failure by us to service the debt in accordance with the relevant agreement. The 2013 Credit Facility and its governing documents contain covenants that, among other things, require the Company to furnish audited financial statements as soon as available, but in any event within 90 days after the fiscal year end without a "going concern" uncertainty paragraph in the auditor's opinion. The consolidated financial statements for the year ended December 31, 2015 included herein contain such a paragraph. In addition, the Company currently anticipates that its reported Adjusted EBITDA and other sources of earnings or adjustments used to calculate Consolidated EBITDA (if such other sources of earnings or adjustments do not include the proceeds of certain targeted asset sales) will fall below its Consolidated Net Cash Interest Charges during 2016, and it anticipates it will not comply with its financial covenants as of March 31, 2016. Absent waivers or cures, non-compliance with such covenants would constitute a default under the 2013 Credit Facility. It is possible the Company could obtain waivers from its lenders; however, since there is substantial doubt about whether the Company will meet its obligations as they become due within one year after the date of issuance of this report, the Company has classified debt that could become accelerated as current in the consolidated financial statements as of December 31, 2015. To the extent that the lenders demand payment, the Company will then write-off any remaining original issue discounts and any unamortized debt issuance costs related to the debt, which totaled $75.9 million at December 31, 2015.

Newly Adopted Accounting Standards

Discontinued Operations. In April 2014, the Financial Accounting Standards Board (FASB) issued accounting guidance that raised the threshold for disposals to qualify as discontinued operations to a disposal of a component or group of components that is disposed of or is classified as held for sale and represents a strategic shift that has (or will have) a major effect on an entity's operations and financial results. Such a strategic shift may include the disposal of (1) a major geographical area of operations, (2) a major line of business, (3) a major equity method investment or (4) other major parts of an entity. Provided that the major strategic shift criterion is met, the new guidance does allow entities to have significant continuing involvement and continuing cash flows with the discontinued operation, unlike prior U.S. GAAP. The new standard also requires additional disclosures for discontinued operations and new disclosures for individually material disposal transactions that do not meet the definition of a discontinued operation. The new guidance became effective prospectively for disposals that occur in interim and annual periods beginning on or after December 31, 2014 (January 1, 2015 for the Company). The adoption of the guidance beginning January 1, 2015 had no material effect on the Company's results of operations, financial condition, cash flows or financial statement presentation at that time. The ultimate impact on the Company's financial statements will depend on any prospective disposal activity.

Accounting Standards Not Yet Implemented

Revenue Recognition. In May 2014, the FASB issued a comprehensive revenue recognition standard that will supersede nearly all existing revenue recognition guidance under U.S. GAAP. The new standard provides a single principles-based, five-step model to be applied to all contracts with customers, which steps are to (1) identify the contract(s) with the customer, (2) identify the performance obligations in the contract, (3) determine the transaction price, (4) allocate the transaction price to the performance obligations in the contract and (5) recognize revenue when each performance obligation is satisfied. More specifically, revenue will be recognized when promised goods or services are transferred to the customer in an amount that reflects the consideration expected in exchange for those goods or services. The standard also requires entities to disclose sufficient qualitative and quantitative information to enable financial statement users to understand the nature, amount, timing and uncertainty of revenues and cash flows arising from contracts with customers.

Under the originally issued standard, the new guidance will be effective for interim and annual periods beginning after December 15, 2016 (January 1, 2017 for the Company). On July 9, 2015, the FASB decided to delay the effective date of the new revenue recognition standard by one year with early adoption permitted, but not before the original effective date. The standard allows for either a full retrospective adoption or a modified retrospective adoption. The Company is in the process of evaluating the impact that the adoption of this guidance will have on its results of operations, financial condition, cash flows and financial statement presentation.

Going Concern. In August 2014, the FASB issued disclosure guidance that requires management to evaluate, at each annual and interim reporting period, whether substantial doubt exists about an entity's ability to continue as a going concern and, if applicable, to provide related disclosures. As outlined by that guidance, substantial doubt about an entity's ability to continue as a going concern exists when relevant conditions and events, considered in the aggregate, indicate that it is probable that an entity will be unable to meet its obligations as they become due within one year after the date that the financial statements are issued (or are available to be issued). The new guidance will be effective for annual reporting periods ending after December 15, 2016 (the year ending December 31, 2016 for the Company) and interim periods thereafter, with early adoption permitted.

Deferred Financing Costs. On April 7, 2015, the FASB issued accounting guidance that requires deferred financing costs to be presented as a direct reduction from the related debt liability in the financial statements rather than as a separately recognized asset, as is the current requirement under U.S. GAAP. Under the new guidance, amortization of such costs will continue to be reported as interest expense. In August 2015, an update was issued that clarified that debt issuance costs associated with line-of-credit arrangements may continue to be reported as an asset. The new guidance will be effective for interim and annual periods beginning after December 15, 2015 (January 1, 2016 for the Company) and must be adopted on a retrospective basis. While the Company does not anticipate an impact to its results of operations, financial condition or cash flows in connection with the adoption of the guidance, there will be an impact on the presentation of the Company's condensed consolidated balance sheets. More specifically, the Company's audited consolidated balance sheets as of December 31, 2015 and 2014 includes $74.4 million and $64.7 million, respectively, of deferred financing cost assets (excluding $20.4 million and $14.0 million, respectively, related to line-of-credit arrangements) that would, under the new guidance, be presented as a direct reduction to liabilities.

Inventory. In July 2015, the FASB issued guidance which requires entities to measure most inventory “at the lower of cost and net realizable value“, thereby simplifying the current guidance under which an entity must measure inventory at the lower of cost or market (market in this context is defined as one of three different measures, one of which is net realizable value). The guidance does not apply to inventories that are measured by using either the last-in, first-out method or the retail inventory method. The new guidance will be effective prospectively for annual periods beginning after December 15, 2016 (January 1, 2017 for the Company), and interim periods therein, with early adoption permitted.The Company is in the process of evaluating the impact that the adoption of this guidance will have on its results of operations, financial condition, cash flows and financial statement presentation.

Business Combinations. In September 2015, in the interest of simplification, the FASB issued new guidance which requires that measurement period adjustments be recognized in the reporting period in which the adjustment amount is determined. Before the new guidance, an acquirer was required to adjust such provisional amounts by restating prior period financial statements as long as the information necessary to complete the measurement was received within the measurement period. The new standard should be applied prospectively to measurement period adjustments that occur after the effective date. The new standard is effective for interim and annual reporting periods ending after December 15, 2015 and interim periods beginning after December 15, 2017, with early adoption permitted. The impact to the Company's financial statements will depend on any acquisition activity that occurs subsequent to adoption in 2016.

Income Taxes. In November 2015, the FASB issued accounting guidance that requires entities to classify all deferred tax assets and liabilities, along with any related valuation allowance as noncurrent on the balance sheet. Under the new guidance, each jurisdiction will now only have one net noncurrent deferred tax asset or liability. The new guidance does not change the existing requirement that only permits offsetting within a jurisdiction. The new guidance will be effective prospectively or retrospectively for annual periods beginning after December 15, 2016 and interim periods therein, with early adoption permitted. The Company is in the process of evaluating the impact that the adoption of this guidance will have on its results of operations, financial condition, cash flows and financial statement presentation.

Lease accounting. In February 2016, FASB issued accounting guidance that will require a lessee to recognize in is balance sheet a liability to make lease payments and a right-of-use asset representing its right to use the underlying asset for the lease term for leases with lease terms of more than 12 months. Consistent with current U.S. GAAP, the recognition, measurement, and presentation of expenses and cash flows arising from a lease by a lessee primarily will depend on its classification as a finance or operating lease. Additional qualitative disclosures along with specific quantitative disclosures will also be required. The new guidance will take effect for public companies for fiscal years, and interim periods within those fiscal years, beginning after Dec. 15, 2018 (January 1, 2019 for the Company), with early adoption permitted. Upon adoption, the Company will be required to recognize and measure leases at the beginning of the earliest period presented using a modified retrospective approach. The Company is in the process of evaluating the impact that the adoption of this guidance will have on its results of operations, financial condition, cash flows and financial statement presentation.

Sales

The Company’s revenue from coal sales is realized and earned when risk of loss passes to the customer. Under the typical terms of the Company’s coal supply agreements, title and risk of loss transfer to the customer at the mine or port, where coal is loaded to the transportation source(s) that serves each of the Company’s mines. The Company incurs certain “add-on” taxes and fees on coal sales. Reported coal sales include taxes and fees charged by various federal and state governmental bodies and the freight charged on destination customer contracts.

Other Revenues

"Other revenues" include net revenues from coal trading activities as discussed in Note 7. "Coal Trading," as well as coal sales revenues that were derived from the Company’s mining operations and sold through the Company’s coal trading business. Also included are revenues from customer contract-related payments, royalties related to coal lease agreements, sales agency commissions, farm income, property and facility rentals and generation development activities. Royalty income generally results from the lease or sublease of mineral rights to third parties, with payments based upon a percentage of the selling price or an amount per ton of coal produced.

Discontinued Operations and Assets Held for Sale

The Company classifies items within discontinued operations in the consolidated financial statements when the operations and cash flows of a particular component of the Company have been (or will be) eliminated from the ongoing operations of the Company as a result of a disposal (by sale or otherwise) and represents a strategic shift that has (or will have) a major effect on the entity's operations and financial results. Refer to Note 3. "Discontinued Operations" for additional details related to discontinued operations.

Cash and Cash Equivalents

Cash and cash equivalents are stated at cost, which approximates fair value. Cash equivalents consist of highly liquid investments with original maturities of three months or less.

Inventories

Coal is reported as inventory at the point in time the coal is extracted from the mine. Raw coal represents coal stockpiles that may be sold in current condition or may be further processed prior to shipment to a customer. Saleable coal represents coal stockpiles which require no further processing prior to shipment to a customer.

Coal inventory is valued at the lower of average cost or market. Coal inventory costs include labor, supplies, equipment (including depreciation thereto) and operating overhead and other related costs incurred at or on behalf of the mining location. Market represents the estimated net realizable value of the inventory, which considers the projected future sales price of the particular coal product, less applicable selling costs, and, in the case of raw coal, estimated remaining processing costs. The valuation of coal inventory is subject to several additional estimates, including those related to ground and aerial surveys used to measure quantities and processing recovery rates.

Materials and supplies inventory is valued at the lower of average cost or market, less a reserve for obsolete or surplus items. This reserve incorporates several factors, such as anticipated usage, inventory turnover and inventory levels.

Investments in Marketable Securities

The Company’s short-term investments in marketable securities, which are included in "Other current assets" in the consolidated balance sheets, are defined as those investments with original maturities upon purchase of greater than three months and up to one year. Long-term investments, which are included in "Investments and other assets" in the consolidated balance sheets, are defined as those investments with original maturities upon purchase of greater than one year.

The Company classifies its investments in debt securities as either held-to-maturity or available-for-sale at the time of purchase and reevaluates such designation periodically. Such investments are classified as held-to-maturity when the Company has the intent and ability to hold the securities to maturity. Investments in debt securities not classified as held-to-maturity and investments in marketable equity securities are classified as available-for-sale. Available-for-sale securities are carried at fair value, with unrealized gains and losses, net of income taxes, generally reported in “Accumulated other comprehensive loss” in the consolidated balance sheets. Realized gains and losses, determined on a specific identification method, are included in “Interest income” in the consolidated statements of operations.

At each reporting date, the Company performs separate evaluations of its marketable securities to determine if any unrealized losses present are other-than-temporary. Such evaluations involve the consideration of several factors, including, but not limited to, the length of time the market value has been less than cost, the financial condition and near-term prospects of the issuer of the securities and whether the Company has the positive intent and ability to hold the securities until recovery. No such impairment losses were recorded during the year ended December 31, 2015. Refer to Note 2. "Asset Impairment" and Note 5. "Investments" for details regarding other-than-temporary impairment losses of $4.7 million and $21.5 million recognized during the years ended December 31, 2014 and 2013, respectively, related to the Company's marketable equity securities holdings.

Property, Plant, Equipment and Mine Development

Property, plant, equipment and mine development are recorded at cost. Interest costs applicable to major asset additions are capitalized during the construction period. Capitalized interest in 2015, 2014 and 2013 was immaterial. Expenditures which extend the useful lives of existing plant and equipment assets are capitalized. Maintenance and repairs are charged to operating costs as incurred. Costs incurred to develop coal mines or to expand the capacity of operating mines are capitalized. Costs incurred to maintain current production capacity at a mine are charged to operating costs as incurred. Costs to acquire computer hardware and the development and/or purchase of software for internal use are capitalized and depreciated over the estimated useful lives.

Coal reserves are recorded at cost, or at fair value in the case of nonmonetary exchanges, of reserves or business acquisitions.

Depletion of coal reserves and amortization of advance royalties is computed using the units-of-production method utilizing only proven and probable reserves (as adjusted for recoverability factors) in the depletion base. Mine development costs are principally amortized over the estimated lives of the mines using the straight-line method. Depreciation of plant and equipment is computed using the straight-line method over the shorter of the asset's estimated useful life or the life of the mine. The estimated useful lives by category of assets are as follows:

	Years
Building and improvements	1 to 32
Machinery and equipment	1 to 32
Leasehold improvements	Shorter of Useful Life or Remaining Life of Lease

Equity and Cost Method Investments

The Company accounts for its investments in less than majority owned corporate joint ventures under either the equity or cost method. The Company applies the equity method to investments in joint ventures when it has the ability to exercise significant influence over the operating and financial policies of the joint venture. Investments accounted for under the equity method are initially recorded at cost and any difference between the cost of the Company's investment and the underlying equity in the net assets of the joint venture at the investment date is amortized over the lives of the related assets that gave rise to the difference. The Company's pro-rata share of the operating results of joint ventures and basis difference amortization is reported in the consolidated statements of operations in "Loss from equity affiliates." Similarly, the Company's pro-rata share of the cumulative foreign currency translation adjustment of its equity method investments whose functional currency is not the U.S. dollar is reported in the consolidated balance sheet as a component of "Accumulated other comprehensive loss," with periodic changes thereto reflected in the consolidated statements of comprehensive income.

The Company monitors its equity and cost method investments for indicators that a decrease in investment value has occurred that is other than temporary. Examples of such indicators include a sustained history of operating losses and adverse changes in earnings and cash flow outlook. In the absence of quoted market prices for an investment, discounted cash flow projections are used to assess fair value, the underlying assumptions to which are generally considered unobservable Level 3 inputs under the fair value hierarchy. If the fair value of an investment is determined to be below its carrying value and that loss in fair value is deemed other than temporary, an impairment loss is recognized. Refer to Note 2. "Asset Impairment" and Note 5. "Investments" for details regarding other-than-temporary impairment losses of $276.5 million and $43.2 million recorded during the years ended December 31, 2015 and 2013, respectively, related to certain of the Company's equity and cost method investments. No such impairment losses were recorded during the year ended December 31, 2014.

Asset Retirement Obligations

The Company's asset retirement obligation (ARO) liabilities primarily consist of spending estimates for surface land reclamation and support facilities at both surface and underground mines in accordance with applicable reclamation laws in the U.S. and Australia as defined by each mining permit.

The Company estimates its ARO liabilities for final reclamation and mine closure based upon detailed engineering calculations of the amount and timing of the future cash spending for a third party to perform the required work. Spending estimates are escalated for inflation and then discounted at the credit-adjusted, risk-free rate. The Company records an ARO asset associated with the discounted liability for final reclamation and mine closure. The obligation and corresponding asset are recognized in the period in which the liability is incurred. The ARO asset is amortized on the units-of-production method over its expected life and the ARO liability is accreted to the projected spending date. As changes in estimates occur (such as mine plan revisions, changes in estimated costs or changes in timing of the performance of reclamation activities), the revisions to the obligation and asset are recognized at the appropriate credit-adjusted, risk-free rate. The Company also recognizes an obligation for contemporaneous reclamation liabilities incurred as a result of surface mining. Contemporaneous reclamation consists primarily of grading, topsoil replacement and re-vegetation of backfilled pit areas.

Contingent Liabilities

From time to time, the Company is subject to legal and environmental matters related to its continuing and discontinued operations and certain historical, non-coal producing operations. In connection with such matters, the Company is required to assess the likelihood of any adverse judgments or outcomes, as well as potential ranges of probable losses.

A determination of the amount of reserves required for these matters is made after considerable analysis of each individual issue. The Company accrues for legal and environmental matters within "Operating costs and expenses" when it is probable that a liability has been incurred and the amount of the loss can be reasonably estimated. The Company provides disclosure surrounding loss contingencies when it believes that it is at least reasonably possible that a material loss may be incurred or an exposure to loss in excess of amounts already accrued may exist. Adjustments to contingent liabilities are made when additional information becomes available that affects the amount of estimated loss, which information may include changes in facts and circumstances, changes in interpretations of law in the relevant courts, the results of new or updated environmental remediation cost studies and the ongoing consideration of trends in environmental remediation costs.

Accrued contingent liabilities exclude claims against third parties and are not discounted. The current portion of these accruals is included in “Accounts payables and accrued expenses” and the long-term portion is included in “Other noncurrent liabilities” in the consolidated balance sheets. In general, legal fees related to environmental remediation and litigation are charged to expense. The Company includes the interest component of any litigation-related penalties within "Interest expense" in the consolidated statements of operations.

Income Taxes

Income taxes are accounted for using a balance sheet approach. The Company accounts for deferred income taxes by applying statutory tax rates in effect at the reporting date of the balance sheet to differences between the book and tax basis of assets and liabilities. A valuation allowance is established if it is “more likely than not” that the related tax benefits will not be realized. Significant weight is given to evidence that can be objectively verified including history of tax attribute expiration and cumulative income or loss. In determining the appropriate valuation allowance, the Company considers the projected realization of tax benefits based on expected levels of future taxable income, available tax planning strategies, reversals of existing taxable temporary differences and taxable income in carryback years.

The Company recognizes the tax benefit from uncertain tax positions only if it is “more likely than not” the tax position will be sustained on examination by the taxing authorities based on the technical merits of the position. The tax benefits recognized from such a position are measured based on the largest benefit that has a greater than fifty percent likelihood of being realized upon ultimate settlement. To the extent the Company’s assessment of such tax positions changes, the change in estimate will be recorded in the period in which the determination is made. Tax-related interest and penalties are classified as a component of income tax expense.

Postretirement Health Care and Life Insurance Benefits

The Company accounts for postretirement benefits other than pensions by accruing the costs of benefits to be provided over the employees’ period of active service. These costs are determined on an actuarial basis. The Company’s consolidated balance sheets reflect the accumulated postretirement benefit obligations of its postretirement benefit plans. The Company accounts for changes in its postretirement benefit obligations as a settlement when an irrevocable action has been effected that relieves the Company of its actuarially-determined liability to individual plan participants and removes substantial risk surrounding the nature, amount and timing of the obligation’s funding and the assets used to effect the settlement. See Note 15. "Postretirement Health Care and Life Insurance Benefits" for information related to postretirement benefits.

Pension Plans

The Company sponsors non-contributory defined benefit pension plans accounted for by accruing the cost to provide the benefits over the employees’ period of active service. These costs are determined on an actuarial basis. The Company’s consolidated balance sheets reflect the funded status of the defined benefit pension plans. See Note 16. "Pension and Savings Plans" for information related to pension plans.

Restructuring Activities

From time to time, the Company initiates restructuring activities in connection with its repositioning efforts to appropriately align its cost structure or optimize its coal production relative to prevailing global coal industry conditions. Costs associated with restructuring actions can include early mine closures, voluntary and involuntary workforce reductions, office closures and other related activities. Costs associated with restructuring activities are recognized in the period incurred.

Included as a component of "Restructuring and pension settlement charges" in the the Company's consolidated statements of operations for the years ended December 31, 2015, 2014 and 2013 were aggregate restructuring charges of $23.5 million, $15.7 million and $11.9 million, respectively, primarily associated with voluntary and involuntary workforce reductions. The majority of the cash expenditures associated with the charges recognized in 2015 were paid in 2015.

Derivatives

The Company recognizes at fair value all contracts meeting the definition of a derivative as assets or liabilities in the consolidated balance sheets, with the exception of certain coal trading contracts for which the Company has elected to apply a normal purchases and normal sales exception.

With respect to derivatives used in hedging activities, the Company assesses, both at inception and at least quarterly thereafter, whether such derivatives are highly effective at offsetting the changes in the anticipated exposure of the hedged item. The effective portion of the change in the fair value of derivatives designated as a cash flow hedge is recorded in “Accumulated other comprehensive loss” until the hedged transaction impacts reported earnings, at which time any gain or loss is reclassified to earnings. To the extent that periodic changes in the fair value of derivatives deemed highly effective exceeds such changes in the hedged item, the ineffective portion of the periodic non-cash changes are recorded in earnings in the period of the change. If the hedge ceases to qualify for hedge accounting, the Company prospectively recognizes changes in the fair value of the instrument in earnings in the period of the change. The potential for hedge ineffectiveness is present in the design of certain of the Company’s cash flow hedge relationships and is discussed in detail in Note 6. "Derivatives and Fair Value Measurements" and Note 7. "Coal Trading." Gains or losses from derivative financial instruments designated as fair value hedges are recognized immediately in earnings, along with the offsetting gain or loss related to the underlying hedged item.

The Company’s asset and liability derivative positions are offset on a counterparty-by-counterparty basis if the contractual agreement provides for the net settlement of contracts with the counterparty in the event of default or termination of any one contract.

Non-derivative contracts and derivative contracts for which the Company has elected to apply the normal purchases and normal sales exception are accounted for on an accrual basis.

Business Combinations

The Company accounts for business combinations using the purchase method of accounting. The purchase method requires the Company to determine the fair value of all acquired assets, including identifiable intangible assets and all assumed liabilities. The total cost of acquisitions is allocated to the underlying identifiable net assets, based on their respective estimated fair values. Determining the fair value of assets acquired and liabilities assumed requires management's judgment and the utilization of independent valuation experts, and often involves the use of significant estimates and assumptions, including assumptions with respect to future cash inflows and outflows, discount rates and asset lives, among other items.

Impairment of Long-Lived Assets

The Company evaluates its long-lived assets held and used in operations for impairment as events and changes in circumstances indicate that the carrying amount of such assets might not be recoverable. Factors that would indicate potential impairment to be present include, but are not limited to, a sustained history of operating or cash flow losses, an unfavorable change in earnings and cash flow outlook, prolonged adverse industry or economic trends and a significant adverse change in the extent or manner in which a long-lived asset is being used or in its physical condition. The Company generally does not view short-term declines in thermal and metallurgical coal prices in the markets in which it sells those products as a triggering event for conducting impairment tests because such markets have a history of price volatility. However, the Company generally does view a sustained trend of depressed coal market pricing (for example, over periods exceeding one year) as an indicator of potential impairment.

Assets are grouped at the lowest level for which there are identifiable cash flows that are largely independent of the cash flows of other groups of assets. For its active mining operations, the Company generally groups such assets at the mine level, or the mining complex level for mines that share infrastructure, with the exception of impairment evaluations triggered by mine closures. In those cases involving mine closures, the related assets are evaluated at the individual asset level for remaining economic life based on transferability to ongoing operating sites and for use in reclamation-related activities, or for expected salvage. For its development and exploration properties and portfolio of surface land and coal reserve holdings, the Company considers several factors to determine whether to evaluate those assets individually or on a grouped basis for purposes of impairment testing. Such factors include geographic proximity to one another, the expectation of shared infrastructure upon development based on future mining plans and whether it would be most advantageous to bundle such assets in the event of sale to a third party.

When indicators of impairment are present, the Company evaluates its long-lived assets for recoverability by comparing the estimated undiscounted cash flows expected to be generated by those assets under various assumptions to their carrying amounts. If such undiscounted cash flows indicate that the carrying value of the asset group is not recoverable, impairment losses are measured by comparing the estimated fair value of the asset group to its carrying amount. As quoted market prices are unavailable for the Company's individual mining operations, fair value is determined through the use of an expected present value technique based on the income approach, except for non-strategic coal reserves, surface lands and undeveloped coal properties excluded from the Company's long-range mine planning. In those cases, a market approach is utilized based on the most comparable market multiples available. The estimated future cash flows and underlying assumptions used to assess recoverability and, if necessary, measure the fair value of the Company's long-lived mining assets are derived from those developed in connection with the Company's planning and budgeting process. The Company believes its assumptions to be consistent with those a market participant would use for valuation purposes. The most critical assumptions underlying the Company's projections and fair value estimates include those surrounding future tons sold, coal prices for unpriced coal, production costs (including costs for labor, commodity supplies and contractors), transportation costs, foreign currency exchange rates and a risk-adjusted, after-tax cost of capital (all of which generally constitute unobservable Level 3 inputs under the fair value hierarchy), in addition to market multiples for non-strategic coal reserves, surface lands and undeveloped coal properties excluded from the Company's long-range mine planning (which generally constitute Level 2 inputs under the fair value hierarchy).

Refer to Note 2. "Asset Impairment" for details regarding impairment charges related to long-lived assets of $1,001.3 million, $149.7 million and $463.6 million recognized during the years ended December 31, 2015, 2014 and 2013, respectively.

Fair Value

For assets and liabilities that are recognized or disclosed at fair value in the consolidated financial statements, the Company defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

Foreign Currency

Functional currency is determined by the primary economic environment in which an entity operates, which for the Company's foreign operations is generally the U.S. dollar because sales prices in international coal markets and the Company's sources of financing those operations is denominated in that currency. Accordingly, substantially all of the Company’s consolidated foreign subsidiaries utilize the U.S. dollar as their functional currency. Monetary assets and liabilities are remeasured at year-end exchange rates while non-monetary items are remeasured at historical rates. Income and expense accounts are remeasured at the average rates in effect during the year, except for those expenses related to balance sheet amounts that are remeasured at historical exchange rates. Gains and losses from foreign currency remeasurement related to tax balances are included as a component of "Income tax (benefit) provision," while all other remeasurement gains and losses are included in "Operating costs and expenses." The total impact of foreign currency remeasurement on the consolidated statements of operations was a net loss of $6.4 million and $1.3 million for the years ended December 31, 2015 and 2014, respectively, and a net gain of $34.1 million for the year ended December 31, 2013.

The Company owns a 50% equity interest Middlemount Coal Pty Ltd. (Middlemount), which owns the Middlemount Mine in Queensland, Australia. Middlemount utilizes the Australian dollar as its functional currency. Accordingly, the assets and liabilities of that equity investee are translated to U.S. dollars at the year-end exchange rate and income and expense accounts are translated at the average rate in effect during the year. The Company's pro-rata share of the translation gains and losses of the equity investee are recorded as a component of "Accumulated other comprehensive loss." Australian dollar denominated shareholder loans to the Middlemount Mine, which are long term in nature, are considered part of the Company's net investment in that operation. Accordingly, foreign currency gains or losses on those loans are recorded as a component of foreign currency translation adjustment. The Company recorded foreign currency translation losses of $34.9 million, $41.0 million and $92.7 million for the years ended December 31, 2015, 2014 and 2013, respectively.

Share-Based Compensation

The Company accounts for share-based compensation at the grant date fair value of awards and recognizes the related expense over the service period of the awards. See Note 18. "Share-Based Compensation" for information related to share-based compensation.

Exploration and Drilling Costs

Exploration expenditures are charged to operating costs as incurred, including costs related to drilling and study costs incurred to convert or upgrade mineral resources to reserves.

Advance Stripping Costs

Pre-production. At existing surface operations, additional pits may be added to increase production capacity in order to meet customer requirements. These expansions may require significant capital to purchase additional equipment, expand the workforce, build or improve existing haul roads and create the initial pre-production box cut to remove overburden (that is, advance stripping costs) for new pits at existing operations. If these pits operate in a separate and distinct area of the mine, the costs associated with initially uncovering coal (that is, advance stripping costs incurred for the initial box cuts) for production are capitalized and amortized over the life of the developed pit consistent with coal industry practices.

Post-production. Advance stripping costs related to post-production are expensed as incurred. Where new pits are routinely developed as part of a contiguous mining sequence, the Company expenses such costs as incurred. The development of a contiguous pit typically reflects the planned progression of an existing pit, thus maintaining production levels from the same mining area utilizing the same employee group and equipment.

Use of Estimates in the Preparation of the Consolidated Financial Statements

The preparation of financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

(2) Asset Impairment

Year Ended December 31, 2015

The following costs are reflected in "Asset impairment" in the consolidated statement of operations for the year ended December 31, 2015:

	Reportable Segment				
	Australian Metallurgical Mining	Australian Thermal Mining	Midwestern U.S. Mining	Corporate and Other	Consolidated
	(Dollars in millions)				
Asset impairment charges:					
Long-lived assets	$ 675.2	$ 17.5	$ 40.2	$ 268.4	$ 1,001.3
Equity method investment	—	—	—	276.5	276.5
Total	$ 675.2	$ 17.5	$ 40.2	$ 544.9	$ 1,277.8

Australian Metallurgical and Thermal Mining

The Company generally does not view short-term declines in metallurgical and thermal coal prices in the markets in which it sells its products as an indicator of impairment. However, due to the severity of the decline in seaborne metallurgical and thermal coal pricing observed during 2015 and other adverse market conditions noted during the year that drove an unfavorable change in the expected timing of eventual seaborne market rebalancing, the Company concluded that indicators of impairment existed surrounding its Australian mining platform as of June 30, 2015 and December 31, 2015. Accordingly, the Company reviewed its Australian mining assets for recoverability at those dates and determined that the carrying values of three of its active mines that produce metallurgical coal were not recoverable and recognized impairment charges of $230.5 million and $144.5 million during the three-month periods ended June 30, 2015 and December 31, 2015, respectively, to write those assets down to their estimated fair value.

Also during 2015, the Company reviewed its portfolio of mining tenements and surface lands to identify non-strategic assets that could be monetized. In connection with that review, certain of such assets were deemed to meet held-for-sale accounting criteria or were otherwise deemed more likely to generate cash flows through divestiture rather than development, with the long-term plans for certain adjacent assets also consequently affected. Accordingly, the Company recognized an aggregate impairment charge of $317.7 million to write down the targeted divestiture assets and abandoned assets to their estimated fair value.

Midwestern U.S. Mining

The Company identified indicators of impairment to be present for one of its inactive surface mines due to the property no longer being part of the Company's long-term mining plan as a result of the decline in thermal coal prices and a lack of observed interest from potential buyers in acquiring the asset. Accordingly, the Company recognized an impairment charge of $30.5 million to write down the asset to its estimated fair value.

The Company generally does not view short-term declines in thermal coal prices in the markets in which it sells its products as an indicator of impairment. However, due to the severity of the decline in thermal coal pricing observed during 2015 and other adverse market conditions noted during 2015, the Company identified indicators of impairment to be present for one of its Midwestern U.S. Mining assets. Due to the adverse conditions, the Company's long-term mining plan changed and the asset was no longer part of the long-term mining plan. Accordingly, the Company recognized an impairment charge of $9.7 million to write down the asset to its estimated fair value.

Corporate and Other

Long-lived Assets. In connection with a similar review of the Company's asset portfolio conducted during 2015 to identify non-strategic domestic assets that could be monetized, the Company identified non-strategic, non-coal-supplying assets as held-for-sale rather than held-for-use as of December 31, 2015. Accordingly, the Company recognized an impairment charge of $182.2 million to write the assets down to estimated fair value.

The Company also identified indicators of impairment to be present for several of its non-strategic undeveloped coal properties due to properties that are no longer part of the Company's long-term mining plan as a result of the decline in thermal coal prices and a lack of observed interest from potential buyers in acquiring those assets. Accordingly, the Company recognized an aggregate impairment charge of $86.2 million to write down the assets to their estimated fair value.

Equity Method Investment. Due to the impairment indicators noted above surrounding the Company's Australian platform, the Company similarly reviewed its total investment in Middlemount, which owns the Middlemount Mine in Queensland, Australia, as of December 31, 2015. As a result of that review, the Company determined that the carrying value of its equity investment in Middlemount was other-than-temporarily impaired and recorded a charge of $46.6 million to write-off the investment.

The Company, along with the other equity interest holder, also periodically makes loans to Middlemount pursuant to the related shareholders' agreement for purposes of funding capital expenditures and working capital requirements. The Company reviewed the loans for impairment and recorded a charge of $229.9 million to write down the full carrying value of the Subordinated Loans. The Subordinated Loans are provided on an equal and shared basis with the other equity interest holder, and the Company's and the other equity interest holder's claims under the Subordinated Loans are on equal footing. The Company also has Priority Loans of $65.2 million which have seniority over the fully impaired Subordinated Loans. The Priority Loans were not impaired as of December 31, 2015 as the Company had the intent and ability to hold the loans to payoff and Middlemount had sufficient assets to settle.

The fair value estimates made during the Company's impairment assessments were determined in accordance with the methods outlined in Note 1. "Summary of Significant Accounting Policies", except in certain instances where indicative bids were received related to non-strategic assets being marketed for divestiture. In those instances, the indicative bids were also considered in estimating fair value.

Risks and Uncertainties

The Company's mining and exploration assets and mining-related investments may be adversely affected by numerous uncertain factors that may cause the Company to be unable to recover all or a portion of the carrying value of those assets. The Company generally does not view short-term declines in thermal and metallurgical coal prices in the markets in which it sells its products as an indicator of impairment. However, the Company generally views a sustained trend (for example, over periods exceeding one year) of adverse coal market pricing or unfavorable changes thereto as a potential indicator of impairment. Because of the volatile and cyclical nature of U.S. and international seaborne coal markets, it is reasonably possible that prices in those market segments may decrease and/or fail to improve in the near term, which, absent sufficient mitigation such as an offsetting reduction in the Company's operating costs, may result in the need for future adjustments to the carrying value of the Company's long-lived mining assets and mining-related investments.

The Company's assets whose recoverability and values are most sensitive to near-term pricing include certain Australian metallurgical and thermal assets for which impairment charges were recorded in 2015 and certain U.S. coal properties being leased to unrelated mining companies under agreements that require royalties to be paid as the coal is mined. Such assets had an aggregate carrying value of $186.1 million as of December 31, 2015. The Company conducted a review of those assets for recoverability as of December 31, 2015 and determined that, other than the charges described above, no further impairment charge was necessary as of that date.

Year Ended December 31, 2014

The following costs are reflected in "Asset impairment" in the consolidated statement of operations for the year ended December 31, 2014:

	Reportable Segment				
	Australian Metallurgical Mining	Australian Thermal Mining	Western U.S. Mining	Corporate and Other	Consolidated
	(Dollars in millions)				
Asset impairment charges:					
Long-lived assets	$ 66.7	$ 11.9	$ 2.7	$ 68.4	$ 149.7
Marketable securities	—	—	—	4.7	4.7
Total	$ 66.7	$ 11.9	$ 2.7	$ 73.1	$ 154.4

Australian Metallurgical and Thermal Mining

In 2014, the Company observed continued weakness in seaborne metallurgical and thermal coal pricing that has persisted longer than the Company previously anticipated and, accordingly, conducted a review of its Australian Metallurgical Mining and Australian Thermal Mining segment assets for recoverability. Based on that evaluation, the following Australian segments were impacted as follows:

Australian Metallurgical Mining. The Company determined that the carrying value of one of its active surface mines and a non-strategic undeveloped coal property were not recoverable and correspondingly recognized an aggregate impairment charge of $66.7 million to write those assets down from their carrying value to their estimated fair value. In addition to the impairment indicators surrounding the segment, the fair value of the impaired surface mining operation was affected by a short remaining economic life compared to those of other operations and the incremental cost associated with utilizing a contractor to operate the mine.

Australian Thermal Mining. The Company determined that the carrying values of a non-strategic undeveloped coal property was not recoverable and correspondingly recognized an aggregate impairment charge of $11.9 million to write those assets down from its carrying value to their estimated fair value.

Corporate and Other. The Company also identified indicators of impairment to be present in 2014 for certain assets in its Corporate and Other segment. Those assets were certain non-strategic undeveloped coal properties in Indiana and Colorado that were found to be impaired due to a lack of observed interest from potential buyers in acquiring those assets, properties that are no longer part of the Company's long-term mining plan and, in the case of certain of the assets, an election by the Company to terminate or allow the lapse of mining-related leases. The Company determined the carrying value of those holdings to not be recoverable and recognized an aggregate impairment charge of $68.4 million to write down the carrying value of the related properties.

Marketable Securities

Refer to Note 5. "Investments" for additional details surrounding an other-than-temporary impairment charge of $4.7 million recorded during the fourth quarter of 2014 related to the Company's investment in the marketable equity securities of Winsway Enterprises Holdings Limited (Winsway), formally referred to as Winsway Coking Coal Holdings Limited.

Year Ended December 31, 2013

The following costs are reflected in "Asset impairment" in the consolidated statement of operations for the year ended December 31, 2013:

	Reportable Segment		
	Australian Metallurgical Mining	Corporate and Other	Consolidated
	(Dollars in millions)		
Asset impairment charges:			
Long-lived assets	$ 390.8	$ 72.8	$ 463.6
Equity method investment	—	43.2	$ 43.2
Marketable securities	—	21.5	$ 21.5
Total	$ 390.8	$ 137.5	$ 528.3

Australian Metallurgical Mining

In 2013, the Company determined that the long-lived assets of one of its active surface mines, one of its surface mining development projects that the Company instead decided to pursue as an underground operation and an exploration tenement were not recoverable, in whole or in part, and correspondingly recognized an aggregate impairment charge of $390.8 million to write each of those assets down from its carrying value to its estimated fair value. In addition to weakness in seaborne metallurgical and thermal coal pricing, the fair value of the impaired surface mining operation was affected by a short remaining economic life compared to those of other operations and site-specific adverse changes in 2013 surrounding realized coal quality yields, contractor performance and contract mining terms, the latter of which were amended during the fourth quarter of that period. With respect to the exploration tenement, the Company determined the fair value of that asset based on an indicative sale offer received in December 2013, which constituted a Level 2 input under the fair value hierarchy. That sale was executed in January 2014, as described further in Note 20. "Resource Management and Other Commercial Events."

Corporate and Other

Long-lived Assets. In December 2013, contract mining at a coal reserve property in the Eastern U.S. substantially ended upon completion of mining within the existing permit area and new permits were not obtained for the remaining reserves at that property due to new permitting conditions that the Company deemed unacceptable and projected poor near-term economic performance. As a result of that decision and a lack of observed interest from certain financial and strategic buyers in acquiring the remaining coal reserves, the Company recorded an impairment charge of $66.3 million to write down the carrying value of the related reserves. Also, in connection with a review of its portfolio of surface land and coal reserve holdings, the Company determined the carrying value of one of its coal reserve holdings leased to a third-party underground miner to not be fully recoverable and recognized an impairment charge of $6.5 million to write down the carrying value of those reserves to their estimated fair value.

Equity Method Investment. Refer to Note 5. "Investments" for additional details surrounding an other-than-temporary impairment charge of $43.2 million recognized in 2013 associated with the Company's 50% equity interest in Middlemount.

Marketable Securities. Refer to Note 5. "Investments" for additional details surrounding an other-than-temporary impairment charge of $21.5 million recorded during the second quarter of 2013 related to the Company's investment in Winsway marketable equity securities.

(3) Discontinued Operations

Discontinued operations include former Australian Thermal Mining and Midwestern U.S. Mining segment assets that have ceased production and other previously divested legacy operations, including Patriot Coal Corporation and certain of its wholly-owned subsidiaries (Patriot).

Summarized Results of Discontinued Operations

Results from discontinued operations were as follows during the years ended December 31, 2015, 2014 and 2013:

	Year Ended December 31,		
	2015	2014	2013
	(Dollars in millions)		
Loss from discontinued operations before income taxes	$ (182.2)	$ (23.8)	$ (329.7)
Income tax (provision) benefit	7.2	(4.4)	103.1
Loss from discontinued operations, net of income taxes	$ (175.0)	$ (28.2)	$ (226.6)

There were no significant revenues from discontinued operations during the years ended December 31, 2015 and 2014. Total revenues associated with discontinued operations amounted to $136.5 million during the year ended December 31, 2013.

Assets and Liabilities of Discontinued Operations

Assets and liabilities classified as discontinued operations included in the Company's consolidated balance sheets were as follows:

	December 31,	
	2015	2014
	(Dollars in millions)	
Assets:		
Other current assets	$ 3.1	$ 0.3
Investments and other assets	13.2	16.3
Total assets classified as discontinued operations	$ 16.3	$ 16.6
Liabilities:		
Accounts payable and accrued expenses	$ 60.0	$ 12.5
Other noncurrent liabilities	203.7	109.8
Total liabilities classified as discontinued operations	$ 263.7	$ 122.3

Patriot-Related Matters. Refer to Note 25. "Matters Related to the Bankruptcy of Patriot Coal Corporation" for information surrounding charges recorded during the year ended December 31, 2015 associated with the bankruptcy of Patriot.

Wilkie Creek Mine. In December 2013, the Company ceased production and started reclamation of the Wilkie Creek Mine in Queensland, Australia. On June 30, 2014, Queensland Bulk Handling Pty Ltd (QBH) commenced litigation against Peabody (Wilkie Creek) Pty Limited, the indirect wholly-owned subsidiary of the Company that owns the Wilkie Creek Mine, alleging breach of a Coal Port Services Agreement (CPSA) between the parties. Included in "(Loss) income from discontinued operations, net of income taxes" for the year ended December 31, 2015 is a $9.7 million charge related to that litigation. Refer to Note 24. "Commitments and Contingencies" for additional information surrounding the QBH matter.

In June 2015, the Company entered into an agreement to sell the Wilkie Creek Mine in exchange for potential cash proceeds of up to $20 million and the assumption of certain liabilities. That agreement was subsequently terminated in October 2015 in conjunction with entering into a new agreement with similar terms. The closing of the sale remains subject to certain material conditions, including without limitation the purchaser's ability to obtain financing for the transaction and negotiation of satisfactory port access arrangements.

(4) Inventories

Inventories as of December 31, 2015 and December 31, 2014 consisted of the following:

	December 31,	
	2015	2014
	(Dollars in millions)	
Materials and supplies	$ 115.9	$ 143.6
Raw coal	75.9	115.0
Saleable coal	116.0	147.9
Total	$ 307.8	$ 406.5

Materials and supplies inventories presented above have been shown net of reserves of $4.7 million and $4.6 million as of December 31, 2015 and 2014, respectively.

(5) Investments

Investments in Marketable Securities

Investments in available-for-sale securities were liquidated prior to December 31, 2015. Investments in available-for-sale securities at December 31, 2014 were as follows:

Available-for-sale securities	Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	Fair Value
		(Dollars in millions)		
Current:				
U.S. corporate bonds	11.2	—	—	11.2
Noncurrent:				
Marketable equity securities	6.2	—	—	6.2
Federal government securities	32.0	—	—	32.0
U.S. corporate bonds	12.4	—	—	12.4
Total	$ 61.8	$ —	$ —	$ 61.8

The Company classifies its investments as short-term if, at the time of purchase, remaining maturities are greater than three months and up to one year. Such investments are included in "Other current assets" in the consolidated balance sheets. Investments with remaining maturities of greater than one year are classified as long-term and are included in "Investments and other assets" in the consolidated balance sheets. The Company’s previous investments in marketable equity securities consisted of an investment in Winsway Enterprises Holdings Limited. That investment was disposed of during the year ended December 31, 2015, resulting in a less than $0.1 million gain compared to the adjusted cost basis of the securities.

Proceeds from sales and maturities of available-for-sale debt securities amounted to $90.3 million, $13.5 million and $22.9 million for the years ended December 31, 2015, 2014 and 2013, respectively. The Company realized zero net gains associated with those sales and maturities during the years ended December 31, 2015 and 2014 and $0.2 million during the year ended December 31, 2013.

At each reporting date, the Company performs separate evaluations of debt and equity securities to determine if any unrealized losses are other-than-temporary. Given the duration and severity of the market losses incurred and in certain historical periods in connection with Winsway's credit downgrades, the Company recognized other-than-temporary impairment losses of $4.7 million, and $21.5 million during the fourth quarter of 2014 and second quarter of 2013, respectively, each time resetting the cost basis of the Company's investment.

In November 2012, the Company purchased $4.8 million of time deposits denominated in Chinese Renminbi with six month maturities. Proceeds from the maturity of those investments amounted to $4.8 million in the year ended December 31, 2013. The Company had no held-to-maturity securities at December 31, 2015 and 2014.

Equity Method Investments

The Company's equity method investments include its joint venture interest in Middlemount, which was acquired in connection with the 2011 acquisition of PEA-PCI (formerly Macarthur Coal Limited), in addition to certain other equity method investments. The table below summarizes the book value of those investments, which is reported in "Investments and other assets" in the consolidated balance sheets, and the related loss from equity affiliates:

	Book Value at December 31,		Loss from Equity Affiliates for the Year Ended December 31,		
	2015	2014	2015	2014	2013
	(Dollars in millions)				
Equity interest in Middlemount Coal Pty Ltd	$ —	$ 58.0	$ 7.0	$ 98.5	$ 33.5
Other equity method investments	4.7	7.3	8.9	9.1	6.7
Total equity method investments	$ 4.7	$ 65.3	$ 15.9	$ 107.6	$ 40.2

During the years ended December 31, 2015, 2014 and 2013, Middlemount generated revenues of approximately $160 million, $165 million and $157 million (on a 50% basis). During the year ended December 31, 2015, due to sustained weakness in seaborne metallurgical coal prices that had persisted longer than the Company had previously anticipated, a history of operating losses at the mine and the magnitude of the difference between the estimated fair value and the carrying value of its equity investment, the Company determined the carrying value of its equity investment in Middlemount to be other-than-temporarily impaired. Correspondingly, the Company recorded an impairment charge of $46.6 million to write down the carrying value of its equity investment. The Company determined its Subordinated Loans to Middlemount were also fully impaired resulting in an additional impairment charge of $229.9 million. A total impairment charge related to Middlemount of $276.5 million was reflected in "Asset impairment" in the consolidated statement of operations for year ended December 31, 2015. Refer to Note 2. "Asset Impairment" for additional background surrounding the impairment charge recognized in 2015. At December 31, 2015, the Company had priority loans related to Middlemount with a carrying value of $65.2 million reflected in "Investments and other assets". Refer to Note 8. "Financing Receivables" for additional background on the Company's loans with Middlemount as of December 31, 2015.

In 2014, the Company recorded to "Loss from equity affiliates" its pro-rata share of a valuation allowance of $52.3 million on Middlemount's Australian net deferred tax assets. Based on a Middlemount's history of operating losses driven by sustained weakness in seaborne metallurgical coal prices, and considering available sources of taxable income, it was determined in 2014 that the net deferred tax assets are no longer considered more likely than not of being realized.

There is no remaining unamortized basis difference as of December 31, 2015 between the amount at which the Company's equity investment in Middlemount is carried and the amount of underlying equity in net assets of Middlemount. Middlemount had current assets, noncurrent assets, current liabilities and noncurrent liabilities of $31.7 million, $348.0 million, $362.2 million and $10.5 million, respectively, as of December 31, 2015 and $27.8 million, $424.4 million, $382.9 million and $11.3 million, respectively, as of December 31, 2014 (on a 50% basis).

In addition to its equity method investment, the Company periodically makes loans to Middlemount pursuant to the related shareholders' agreement. Refer to Note 8. "Financing Receivables" for additional details surrounding those loans.

(6) Derivatives and Fair Value Measurements

Risk Management — Non Coal Trading Activities

The Company is exposed to several risks in the normal course of business, including (1) foreign currency exchange rate risk for non-U.S. dollar expenditures and balances, (2) price risk on commodities produced by and utilized in the Company's mining operations and (3) interest rate risk that has been partially mitigated by fixed rates on long-term debt. The Company manages a portion of its commodity price risk related to the sale of coal (excluding coal trading activities) using long-term coal supply agreements (those with terms longer than one year), rather than using derivative instruments. Derivative financial instruments are, or have been, used to manage the Company's risk exposure to prices of certain commodities used in production, foreign currency exchange rates and, from time to time, interest rates (collectively referred to as "Corporate Hedging"). These risks are actively monitored for compliance with the Company's risk management policies.

Foreign Currency Hedges. The Company is exposed to foreign currency exchange rate risk, primarily on Australian dollar expenditures made in its Australian Mining platform. This risk has historically been managed using forward contracts and options designated as cash flow hedges, with the objective of reducing the variability of cash flows associated with forecasted foreign currency expenditures. The Company intends to allow a substantial portion of its positions to settle without adding further positions of a comparable notional amount.

Diesel Fuel Hedges. The Company is exposed to commodity price risk associated with diesel fuel utilized in production in the U.S. and Australia. This risk is managed through the use of derivatives, such as swaps or options, and to a lesser extent through the use of cost pass-through contracts. The Company generally designates the swap contracts as cash flow hedges, with the objective of reducing the variability of cash flows associated with forecasted diesel fuel purchases.

Notional Amounts and Fair Value. The following summarizes the Company's foreign currency and commodity positions at December 31, 2015:

	Notional Amount by Year of Maturity		
	Total	2016	2017
Foreign Currency			
A$:US$ hedge contracts (A$ millions)	$ 1,530.0	$ 1,007.0	$ 523.0
Commodity Contracts			
Diesel fuel hedge contracts (million gallons)	148.8	89.5	59.3

	Instrument Classification by			
	Cash Flow Hedge	Fair Value Hedge	Economic Hedge	Fair Value of Net Liability
				(Dollars in millions)
Foreign Currency				
A$:US$ hedge contracts (A$ millions)	$ 1,530.0	$ —	$ —	$ (200.7)
Commodity Contracts				
Diesel fuel hedge contracts (million gallons)	148.8	—	—	(123.7)

Based on the net fair value of the Company's non-coal trading commodity contract hedge positions held in "Accumulated other comprehensive loss" at December 31, 2015, the Company expects to reclassify net unrealized losses associated with the Company's diesel fuel hedge programs of approximately $86 million from comprehensive income into earnings over the next 12 months. Based on net unrealized losses associated with the Company's foreign currency hedge contract portfolio, partially offset by unrecognized realized gains related to foreign currency cash flow hedge contracts monetized in the fourth quarter of 2012 held in "Accumulated other comprehensive loss" at December 31, 2015, the net loss expected to be reclassified from comprehensive income to earnings over the next 12 months associated with that hedge program is approximately $146 million. The actual amounts that will impact earnings will exclude the reserve within accumulated other comprehensive income associated with credit and non-performance risk. As these realized and unrealized gains and losses are associated with derivative instruments that represent hedges of forecasted transactions, the amounts reclassified to earnings are expected to partially offset the effect of any changes in the hedged exposure related to the underlying transaction, when realized.

Hedge Ineffectiveness. A measure of ineffectiveness is inherent in hedging future diesel fuel purchases with derivative positions based on refined petroleum products as a result of location and/or product differences. Transportation surcharges, which may vary over time, for purchased diesel fuel in certain regions can also result in ineffectiveness, though such surcharges have historically changed infrequently and comprise a small portion of the total cost of delivered diesel.

The Company's derivative positions for the hedging of forecasted foreign currency expenditures contain a small measure of ineffectiveness due to timing differences between the hedge settlement and the purchase transaction, which could differ by less than a day and up to a maximum of 30 days.

The tables below show the classification and amounts of pre-tax gains and losses related to the Company's non-coal trading hedges during the years ended December 31, 2015, 2014 and 2013:

		Year Ended December 31, 2015		
Financial Instrument	Income Statement Classification Losses - Realized	Loss recognized in other comprehensive income on derivative (effective portion)	Loss reclassified from other comprehensive income into income (effective portion) [1]	Gain reclassified from other comprehensive income into income (ineffective portion)
		(Dollars in millions)		
Commodity swap contracts	Operating costs and expenses	$ (77.0)	$ (122.0)	$ 1.6
Foreign currency forward contracts	Operating costs and expenses	(122.0)	(316.4)	—
Total		$ (199.0)	$ (438.4)	$ 1.6

(1) Includes the reclassification from "Accumulated other comprehensive loss" into earnings of $14.9 million of previously unrecognized gains on foreign currency cash flow hedge contracts monetized in the fourth quarter of 2012.

		Year Ended December 31, 2014		
Financial Instrument	Income Statement Classification Losses - Realized	Loss recognized in other comprehensive income on derivative (effective portion)	Loss reclassified from other comprehensive income into income (effective portion)[1]	Loss reclassified from other comprehensive income into income (ineffective portion)
		(Dollars in millions)		
Commodity swap contracts	Operating costs and expenses	$ (194.5)	$ (20.6)	$ (1.7)
Foreign currency forward contracts	Operating costs and expenses	(100.9)	(27.3)	—
Total		$ (295.4)	$ (47.9)	$ (1.7)

(1) Includes the reclassification from "Accumulated other comprehensive loss" into earnings of $136.9 million of previously unrecognized gains on foreign currency cash flow hedge contracts monetized in the fourth quarter of 2012.

		Year Ended December 31, 2013		
Financial Instrument	Income Statement Classification Gains (Losses) - Realized	Gain (loss) recognized in other comprehensive income on derivative (effective portion)	Gain reclassified from other comprehensive income into income (effective portion)	Loss reclassified from other comprehensive income into income (ineffective portion)
		(Dollars in millions)		
Commodity swap contracts	Operating costs and expenses	$ 12.5	$ 11.9	$ (0.5)
Foreign currency forward contracts	Operating costs and expenses	(597.8)	162.4	—
Total		$ (585.3)	$ 174.3	$ (0.5)

Cash Flow Presentation. The Company classifies the cash effects of its non-coal trading derivatives within the "Cash Flows From Operating Activities" section of the consolidated statements of cash flows during the period of settlement for those instruments. In November 2012, with the Australian dollar trading at elevated levels against the U.S. dollar, the Company terminated certain of its Australian dollar forward contracts in exchange for aggregate realized cash proceeds of $151.8 million. Prior to discontinuation, those contracts comprised an aggregate notional amount of $1.9 billion originally contracted for settlement during 2014 and 2015 and were designated as cash flow hedges of Australian dollar expenditures forecasted to occur at those times. Upon termination, the Company executed at-market Australian dollar forward contracts with notional amounts and forward settlement dates identical to the terminated contracts and designated those replacement contracts as cash flow hedges of the anticipated future Australian dollar expenditures previously hedged by the terminated contracts. Because those forecasted expenditures remained probable of occurring upon termination, the Company continued to reflect the effective portion of the realized gains on the terminated forward contracts in "Accumulated other comprehensive loss." During the year ended December 31, 2014, the Company reclassified $136.9 million of those gains from "Accumulated other comprehensive loss" into earnings, with the remaining $14.9 million reclassified during the year ended December 31, 2015.

Offsetting and Balance Sheet Presentation

The Company's non-coal trading derivative financial instruments are transacted in over-the-counter (OTC) markets with financial institutions under International Swaps and Derivatives Association (ISDA) Master Agreements. Those agreements contain symmetrical default provisions which allow for the net settlement of amounts owed by either counterparty in the event of default or contract termination. The Company offsets its non-coal trading asset and liability derivative positions on a counterparty-by-counterparty basis in the condensed consolidated balance sheets, with the fair values of those respective derivatives reflected in “Other current assets,” “Investments and other assets,” “Accounts payable and accrued expenses” and “Other noncurrent liabilities." Though the symmetrical default provisions associated with the Company's non-coal trading derivatives exist at the overall counterparty level across its foreign currency and diesel fuel hedging strategy derivative contract portfolios, it is the Company's accounting policy to apply counterparty offsetting separately within those derivative contract portfolios for presentation in the condensed consolidated balance sheets because that application is more consistent with the fact that the Company generally net settles its non-coal trading derivatives with each counterparty by derivative contract portfolio on a routine basis.

The classification and amount of non-coal trading derivative financial instruments presented on a gross and net basis as of December 31, 2015 and 2014 are presented in the table that follows.

Financial Instrument	Fair Value of Liabilities Presented in the Consolidated Balance Sheet as of December 31, 2015 (1)	Fair Value of Liabilities Presented in the Consolidated Balance Sheet as of December 31, 2014 (1)
Current Liabilities:		
Commodity swap contracts	$ 86.1	$ 100.1
Foreign currency forward contracts	145.6	241.0
Total	$ 231.7	$ 341.1
Noncurrent Liabilities:		
Commodity swap contracts	$ 37.6	$ 67.0
Foreign currency forward contracts	55.1	169.0
Total	$ 92.7	$ 236.0

(1) All commodity swap contracts and foreign currency forward contracts were in a liability position as of December 31, 2015 and 2014.

The Company's Corporate Hedging derivative financial instruments are generally considered Swap Obligations, as that term is defined in the Company's secured credit agreement dated September 24, 2013 (as amended, the 2013 Credit Facility). Accordingly, such instruments, when in a liability position, are first lien obligations secured by collateral and all of the property that is subject to liens under the 2013 Credit Facility. Refer to Note 12. "Long-term Debt" for additional information surrounding that collateral.

See Note 7. "Coal Trading" for information on balance sheet offsetting related to the Company’s coal trading activities.

Fair Value Measurements

The Company uses a three-level fair value hierarchy that categorizes assets and liabilities measured at fair value based on the observability of the inputs utilized in the valuation. These levels include: Level 1 - inputs are quoted prices in active markets for the identical assets or liabilities; Level 2 - inputs are other than quoted prices included in Level 1 that are directly or indirectly observable through market-corroborated inputs; and Level 3 - inputs are unobservable, or observable but cannot be market-corroborated, requiring the Company to make assumptions about pricing by market participants.

Financial Instruments Measured on a Recurring Basis. The following tables set forth the hierarchy of the Company's net financial (liability) asset positions for which fair value is measured on a recurring basis:

	December 31, 2015			
	Level 1	Level 2	Level 3	Total
	(Dollars in millions)			
Investments in debt and equity securities	$ —	$ —	$ —	$ —
Commodity swap contracts	—	—	(123.7)	(123.7)
Foreign currency forward contracts	—	—	(200.7)	(200.7)
Total net financial liabilities	$ —	$ —	$ (324.4)	$ (324.4)

	December 31, 2014			
	Level 1	Level 2	Level 3	Total
	(Dollars in millions)			
Investments in debt and equity securities	$ 26.1	$ 35.7	$ —	$ 61.8
Commodity swap contracts	—	(167.1)	—	(167.1)
Foreign currency forward contracts	—	(410.0)	—	(410.0)
Total net financial assets (liabilities)	$ 26.1	$ (541.4)	$ —	$ (515.3)

For Level 1 and 2 financial assets and liabilities, the Company utilizes both direct and indirect observable price quotes, including interest rate yield curves, exchange indices, broker/dealer quotes, published indices, issuer spreads, benchmark securities and other market quotes. In the case of certain debt securities, fair value is provided by a third-party pricing service. Below is a summary of the Company's valuation techniques for Level 1 and 2 financial assets and liabilities:

- Investments in debt and equity securities: U.S. government securities and marketable equity securities are valued based on quoted prices in active markets (Level 1) and investment-grade corporate bonds and U.S. government agency securities are valued based on the various inputs listed above that may preclude the security from being measured using an identical asset in an active market (Level 2).
- Commodity swap contracts — diesel fuel and explosives: valued based on a valuation that is corroborated by the use of market-based pricing (Level 2) except when credit and non-performance risk is considered to be a significant input, then the Company classifies such contracts as level 3.
- Foreign currency forward and option contracts: valued utilizing inputs obtained in quoted public markets (Level 2) except when credit and non-performance risk is considered to be a significant input (greater than 10% of fair value), then the Company classifies such contracts as level 3.

Foreign currency and commodity purchase/sale contracts include a credit valuation adjustment based on credit and non-performance risk (Level 3). The credit valuation adjustment has not historically had a material impact on the valuation of the contracts resulting in Level 2 classification. However, due to the Company's corporate credit rating downgrades in 2015, the credit valuation adjustments as of December 31, 2015 are considered to be significant unobservable inputs in the valuation of the contracts resulting in Level 3 classification.

The following table summarizes the quantitative unobservable input utilized in the Company's internally-developed valuation models for foreign currency and commodity purchase/sale contracts classified as Level 3 as of December 31, 2015:

	Range		Weighted
Input	Low	High	Average
Credit and non-performance risk	26%	36%	30%

Significant increases or decreases in the credit and non-performance risk adjustment could result in a significantly higher or lower fair value measurement.

The following table summarizes the changes related to the Company's Corporate Hedging derivative financial instruments recurring Level 3 financial liabilities:

	Year Ended December 31, 2015		
	Commodity Contracts	Foreign Currency Contracts	Total
	(Dollars in millions)		
Beginning of period	$ —	$ —	$ —
Transfers into Level 3	76.0	259.8	335.8
Total net losses realized/unrealized:			
Included in earnings	(0.2)	—	(0.2)
Included in other comprehensive income	112.8	103.0	215.8
Settlements	(64.9)	(162.1)	(227.0)
End of period	$ 123.7	$ 200.7	$ 324.4

The Company had no transfers between Levels 1 and 2 or transfers out of Level 3 during the year ended December 31, 2015 and 2014 or transfers into Level 3 for the year ended December 31, 2014. Transfers into Level 3 of liabilities previously classified in Level 2 during the year ended December 31, 2015 were due to the relative value of unobservable inputs to the total fair value measurement of certain derivative contracts rising above the 10% threshold. The Company's policy is to value all transfers between levels using the beginning of period valuation.

The following table summarizes the changes in net unrealized losses relating to Level 3 financial liabilities held both as of the beginning and the end of the period:

	Year Ended December 31, 2015		
	Commodity Contracts	Foreign Currency Contracts	Total
		(Dollars in millions)	
Changes in net unrealized losses (1)	$ 56.7	$ 31.7	$ 88.4

(1) Within the consolidated statements of operations and condensed consolidated statements of comprehensive income for the periods presented, unrealized losses from Level 3 items are combined with unrealized gains and losses on positions classified in Level 1 or 2, as well as other positions that have been realized during the applicable periods.

Other Financial Instruments. The following methods and assumptions were used by the Company in estimating fair values for other financial instruments as of December 31, 2015 and 2014:

- Cash and cash equivalents, accounts receivable, including those within the Company's accounts receivable securitization program, notes receivable and accounts payable have carrying values which approximate fair value due to the short maturity or the liquid nature of these instruments.
- Long-term debt fair value estimates are based on observed prices for securities with an active trading market when available (Level 2), and otherwise on estimated borrowing rates to discount the cash flows to their present value (Level 3).

The carrying amounts and estimated fair values of the Company's long-term debt are summarized as follows:

	December 31, 2015		December 31, 2014	
	Carrying Amount	Estimated Fair Value	Carrying Amount	Estimated Fair Value
	(Dollars in millions)			
Long-term debt	$ 6,315.6	$ 1,372.7	$ 5,986.8	$ 5,227.9

Credit and Nonperformance Risk

The fair value of the Company's non-coal trading derivative assets and liabilities reflects adjustments for credit risk. The Company manages its counterparty risk through established credit standards, diversification of counterparties, utilization of investment grade commercial banks, adherence to established tenor limits based on counterparty creditworthiness and continual monitoring of that creditworthiness. To reduce its credit exposure for these hedging activities, the Company seeks to enter into netting agreements with counterparties that permit the Company to offset asset and liability positions with such counterparties in the event of default. The Company also continually monitors counterparties for nonperformance risk, if present, on a case-by-case basis.

The Company performed an assessment of its own nonperformance risk in light of the three rating agencies downgrading the Company's corporate credit rating during 2015 and declining financial results. The Company determined its hedging relationships were expected to be "highly effective" throughout 2015 based on its quarterly assessments. However, as a result of a deterioration in the Company's credit profile, the Company could no longer assert, as of December 31, 2015, that its hedging relationships were expected to be "highly effective" at offseting the changes in the anticipated exposure of the hedged item. Therefore, previous fair value adjustments recorded in Accumulated Other Comprehensive Loss will be frozen until the underlying transaction impacts the Company's earnings and subsequent fair value adjustments will be recorded directly to income.

(7) Coal Trading

The Company engages in the direct and brokered trading of coal and freight-related contracts (coal trading). Except those for which the Company has elected to apply a normal purchases and normal sales exception, all derivative coal trading contracts are accounted for at fair value.

The Company includes instruments associated with coal trading transactions as a part of its trading book. Trading revenues from such transactions are recorded in "Other revenues" in the consolidated statements of operations and include realized and unrealized gains and losses on derivative instruments, including those that arise from coal deliveries related to contracts accounted for on an accrual basis under the normal purchases and normal sales exception. Therefore, the Company has elected the trading exemption surrounding disclosure of its coal trading activities.

Trading revenues recognized during the years ended December 31, 2015, 2014 and 2013 were as follows:

	Year Ended December 31,		
Trading Revenues by Type of Instrument	**2015**	**2014**	**2013**
		(Dollars in millions)	
Commodity futures, swaps and options	$ 107.3	$ 92.3	$ 183.9
Physical commodity purchase/sale contracts	(64.5)	(33.9)	(117.9)
Total trading revenues	$ 42.8	$ 58.4	$ 66.0

Risk Management

Hedge Ineffectiveness. In some instances, the Company has designated an existing coal trading derivative as a hedge and, thus, the derivative has a non-zero fair value at hedge inception. The "off-market" nature of these derivatives, which is best described as an embedded financing element within the derivative, is a source of ineffectiveness. In other instances, the Company uses a coal trading derivative that settles at a different time, has different quality specifications or has a different location basis than the occurrence of the cash flow being hedged. These collectively yield ineffectiveness to the extent that the derivative hedge contract does not exactly offset changes in the fair value or expected cash flows of the hedged item.

The Company had no coal trading positions designated as cash flow hedges of forecasted sales as of December 31, 2015, while the gross fair value of coal trading positions designated as cash flow hedges of forecasted sales was an asset of $44.3 million as of December 31, 2014.

Offsetting and Balance Sheet Presentation

The Company's coal trading assets and liabilities include financial instruments, such as swaps, futures and options, cleared through various commodities exchanges, which involve the daily net settlement of closed positions. The Company must post cash collateral, known as variation margin, on exchange-cleared positions that are in a net liability position and receives variation margin when in a net asset position. The Company also transacts in coal trading financial swaps and options through OTC markets with financial institutions and other non-financial trading entities under ISDA Master Agreements, which contain symmetrical default provisions. Certain of the Company's coal trading agreements with OTC counterparties also contain credit support provisions that may periodically require the Company to post, or entitle the Company to receive, initial and variation margin. Physical coal and freight-related purchase and sale contracts included in the Company's coal trading assets and liabilities are executed pursuant to master purchase and sale agreements that also contain symmetrical default provisions and allow for the netting and setoff of receivables and payables that arise during the same time period. The Company offsets its coal trading asset and liability derivative positions, and variation margin related to those positions, on a counterparty-by-counterparty basis in the consolidated balance sheets, with the fair values of those respective derivatives reflected in “Assets from coal trading activities, net” and “Liabilities from coal trading activities, net."

The fair value of assets and liabilities from coal trading activities presented on a gross and net basis as of December 31, 2015 and 2014 is set forth below:

Affected line item in the consolidated balance sheets	Gross Amounts of Recognized Assets (Liabilities)	Gross Amounts Offset in the Consolidated Balance Sheets	Variation margin (held) posted (1)	Net Amounts of Assets (Liabilities) Presented in the Consolidated Balance Sheets
	(Dollars in millions)			
	Fair Value as of December 31, 2015			
Assets from coal trading activities, net	$ 128.6	$ (87.3)	$ (17.8)	$ 23.5
Liabilities from coal trading activities, net	(110.0)	87.3	7.1	(15.6)
Total, net	$ 18.6	$ —	$ (10.7)	$ 7.9
	Fair Value as of December 31, 2014			
Assets from coal trading activities, net	$ 342.5	$ (248.3)	$ (36.6)	$ 57.6
Liabilities from coal trading activities, net	(285.0)	248.3	4.0	(32.7)
Total, net	$ 57.5	$ —	$ (32.6)	$ 24.9

(1) $0.8 million and none of the net variation margin held at December 31, 2015 and 2014, respectively, related to cash flow hedges.

See Note 6. "Derivatives and Fair Value Measurements" for information on balance sheet offsetting related to the Company’s Corporate Hedging activities.

Fair Value Measurements

The following tables set forth the hierarchy of the Company’s net financial asset (liability) coal trading positions for which fair value is measured on a recurring basis as of December 31, 2015 and 2014:

	December 31, 2015			
	Level 1	Level 2	Level 3	Total
	(Dollars in millions)			
Commodity futures, swaps and options	$ —	$ 3.3	$ —	$ 3.3
Physical commodity purchase/sale contracts	—	20.2	(15.6)	4.6
Total net financial (liabilities) assets	$ —	$ 23.5	$ (15.6)	$ 7.9

	December 31, 2014			
	Level 1	Level 2	Level 3	Total
	(Dollars in millions)			
Commodity futures, swaps and options	$ (0.2)	$ 32.6	$ —	$ 32.4
Physical commodity purchase/sale contracts	—	(9.6)	2.1	(7.5)
Total net financial (liabilities) assets	$ (0.2)	$ 23.0	$ 2.1	$ 24.9

For Level 1 and 2 financial assets and liabilities, the Company utilizes both direct and indirect observable price quotes, including U.S. interest rate curves; LIBOR yield curves; Chicago Mercantile Exchange (CME) Group, Intercontinental Exchange (ICE), LCH.Clearnet (formerly known as the London Clearing House), NOS Clearing ASA and Singapore Exchange (SGX) contract prices; broker quotes; published indices and other market quotes. Below is a summary of the Company's valuation techniques for Level 1 and 2 financial assets and liabilities:

- Commodity futures, swaps and options: generally valued based on unadjusted quoted prices in active markets (Level 1) or a valuation that is corroborated by the use of market-based pricing (Level 2).
- Physical commodity purchase/sale contracts: purchases and sales at locations with significant market activity corroborated by market-based information (Level 2) except when credit and non-performance risk is considered to be a significant input (greater than 10% of fair value), then the company classifies as Level 3.

Physical commodity purchase/sale contracts include a credit valuation adjustment based on credit and non-performance risk (Level 3). The credit valuation adjustment has not historically had a material impact on the valuation of the contracts resulting in Level 2 classification. However, due to the Company's corporate credit rating downgrades in 2015, the credit valuation adjustments as of December 31, 2015 are considered to be significant unobservable inputs in the valuation of the contracts resulting in Level 3 classification.

The Company had transfers into Level 3 of liabilities previously classified in Level 2 during the year ended December 31, 2015 due to the relative value of unobservable inputs to the total fair value measurement of certain derivative contracts rising above the 10% threshold. The Company had no transfers between Levels 1 and 2 or transfers out of Level 3 during the year ended December 31, 2015 or 2014 or transfers into Level 3 for the year ended December 31, 2014.

The Company's risk management function, which is independent of the Company's commercial trading function, is responsible for valuation policies and procedures, with oversight from executive management. Generally, the Company's Level 3 instruments or contracts are valued using bid/ask price quotations and other market assessments obtained from multiple, independent third-party brokers or other transactional data incorporated into internally-generated discounted cash flow models. While the Company does not anticipate any decrease in the number of third-party brokers or market liquidity, the occurrence of such events could erode the quality of market information and therefore the valuation of its market positions. The Company's valuation techniques include basis adjustments to the foregoing price inputs for quality, such as heat rate and sulfur and ash content, location differentials, expressed as port and freight costs, and credit risk. The Company's risk management function independently validates the Company's valuation inputs, including unobservable inputs, with third-party information and settlement prices from other sources where available. A daily process is performed to analyze market price changes and changes to the portfolio. Further periodic validation occurs at the time contracts are settled with the counterparty. These valuation techniques have been consistently applied in all periods presented, and the Company believes it has obtained the most accurate information available for the types of derivative contracts held.

The following table summarizes the quantitative unobservable inputs utilized in the Company's internally-developed valuation models for physical commodity purchase/sale contracts classified as Level 3 as of December 31, 2015:

	Range		Weighted
Input	Low	High	Average
Quality adjustments	1%	13%	4%
Location differentials	11%	11%	11%
Credit and non-performance risk	26%	26%	26%

Significant increases or decreases in the inputs in isolation could result in a significantly higher or lower fair value measurement. The unobservable inputs do not have a direct interrelationship; therefore, a change in one unobservable input would not necessarily correspond with a change in another unobservable input.

The following table summarizes the changes in the Company's recurring Level 3 net financial assets:

	Year Ended December 31,		
	2015	2014	2013
	(Dollars in millions)		
Beginning of period	$ 2.1	$ 2.1	$ 5.2
Transfers into Level 3	(4.4)	—	—
Total gains realized/unrealized:			
Included in earnings	(10.1)	6.7	0.3
Purchases	(0.5)	—	—
Sales	(0.1)	—	—
Settlements	(2.6)	(6.7)	(3.4)
End of period	$ (15.6)	$ 2.1	$ 2.1

The Company had no transfers between Levels 1 and 2 or transfers out of Level 3 during the year ended December 31, 2015, 2014 or 2013 or transfers into Level 3 for the years ended December 31, 2014 and 2013. Transfers into Level 3 of liabilities previously classified in Level 2 during the year ended December 31, 2015 were due to the relative value of unobservable inputs to the total fair value measurement of certain derivative contracts rising above the 10% threshold. The Company's policy is to value all transfers between levels using the beginning of period valuation.

The following table summarizes the changes in net unrealized (losses) gains relating to Level 3 net financial assets held both as of the beginning and the end of the period:

	Year Ended December 31,		
	2015	2014	2013
	(Dollars in millions)		
Changes in unrealized (losses) gains (1)	$ (6.2)	$ 2.1	$ (0.4)

(1) Within the consolidated statements of operations and consolidated statements of comprehensive income for the periods presented, unrealized gains and losses from Level 3 items are combined with unrealized gains and losses on positions classified in Level 1 or 2, as well as other positions that have been realized during the applicable periods.

As of December 31, 2015, the Company's trading portfolio was expected to have positive net cash realizations in 2015 and 2016, reaching substantial maturity in 2016 on a fair value basis.

As of December 31, 2015, the timing of the estimated future realization of the value of the Company's trading portfolio, on a cumulative cash basis, was as follows:

Year of Expiration	Percentage of Portfolio Total
2016	109 %
2017	(11)%
2018	2 %
	100 %

Credit and Nonperformance Risk. The fair value of the Company's coal derivative assets and liabilities reflects adjustments for credit risk. The Company's exposure is substantially with electric utilities, energy marketers, steel producers and nonfinancial trading houses. The Company's policy is to independently evaluate each customer's creditworthiness prior to entering into transactions and to regularly monitor the credit extended. If the Company engages in a transaction with a counterparty that does not meet its credit standards, the Company seeks to protect its position by requiring the counterparty to provide an appropriate credit enhancement. Also, when appropriate (as determined by its credit management function), the Company has taken steps to reduce its exposure to customers or counterparties whose credit has deteriorated and who may pose a higher risk of failure to perform under their contractual obligations. These steps include obtaining letters of credit or cash collateral (margin), requiring prepayments for shipments or the creation of customer trust accounts held for the Company's benefit to serve as collateral in the event of a failure to pay or perform. To reduce its credit exposure related to trading and brokerage activities, the Company seeks to enter into netting agreements with counterparties that permit the Company to offset asset and liability positions with such counterparties and, to the extent required, the Company will post or receive margin amounts associated with exchange-cleared and certain OTC positions. The Company also continually monitors counterparty and contract nonperformance risk, if present, on a case-by-case basis.

As of December 31, 2015, 70% of the Company's credit exposure related to coal trading activities with investment grade counterparties, while 14% was with non-investment grade counterparties and 16% was with counterparties that are not rated.

Performance Assurances and Collateral

Certain of the Company's derivative trading instruments require the parties to provide additional performance assurances whenever a material adverse event jeopardizes one party's ability to perform under the instrument. If the Company was to sustain a material adverse event (using commercially reasonable standards), its counterparties could request collateralization on derivative trading instruments in net liability positions which, based on an aggregate fair value at December 31, 2015 and 2014, would have amounted to collateral postings to counterparties of approximately $21 million and $31 million, respectively. As of December 31, 2015 and 2014, no collateral was posted to counterparties for such positions.

Certain of the Company's other derivative trading instruments require the parties to provide additional performance assurances whenever a credit downgrade occurs below a certain level, as specified in each underlying contract. The terms of such derivative trading instruments typically require additional collateralization, which is commensurate with the severity of the credit downgrade. During 2015, each of the three agencies downgraded the Company's corporate credit rating. The credit downgrades were, in part, due to continued weakness in seaborne coal prices. The Company was not required to post additional collateral as a direct result of those downgrades for its derivative trading instruments. Even if a credit downgrade were to have occurred below contractually specified levels, the Company's additional collateral requirement owed to its counterparties for these derivative trading instruments would have been zero at December 31, 2015 and 2014 based on the aggregate fair value of all derivative trading instruments with such features. As of December 31, 2015 and 2014, no collateral was posted to counterparties to support such derivative trading instruments.

The Company is required to post variation margin on positions that are in a net liability position and is entitled to receive and hold variation margin on positions that are in a net asset position with an exchange and certain of its OTC derivative contract counterparties. At December 31, 2015 and 2014, the Company held net variation margin of $10.7 million and $32.6 million, respectively.

In addition to the requirements surrounding variation margin, the Company is required by the exchanges upon which it transacts and by certain of its OTC arrangements to post certain additional collateral, known as initial margin, which represents an estimate of potential future adverse price movements across the Company's portfolio under normal market conditions. As of December 31, 2015 and 2014, the Company had posted initial margin of $9.2 million and $15.2 million, respectively, which is reflected in "Other current assets" in the consolidated balance sheets. The Company had posted $0.7 million of margin in excess of the required variation and initial margin as of December 31, 2015, while it had posted $6.1 million of excess margin as of December 31, 2014.

(8) Financing Receivables

The Company's total financing receivables as of December 31, 2015 and 2014 consisted of the following:

Balance Sheet Classification	December 31, 2015	December 31, 2014
	(Dollars in millions)	
Other current assets	$ 20.0	$ —
Investments and other assets	65.2	347.2
Total financing receivables	$ 85.2	$ 347.2

The Company periodically assesses the collectability of accounts and loans receivable by considering factors such as specific evaluation of collectability, historical collection experience, the age of the receivable and other available evidence. Below is a description of the Company's financing receivables outstanding as of December 31, 2015.

Codrilla Mine Project. In 2011, a wholly-owned subsidiary of PEA-PCI, then Macarthur Coal Limited, completed the sale of a portion of its 85% interest in the Codrilla Mine Project to the other participants of the Coppabella Moorvale Joint Venture, afterward retaining 73.3% ownership. The final outstanding installment payment of 40% of the sale price is due upon the earlier of the mine's first coal shipment or a specified date. The sales agreement was amended in the second quarter of 2013 to delay the specified date from March 31, 2015 to June 30, 2016, resulting in an adjustment to the discounted value of the note receivable in the amount of $1.6 million. This adjustment was recorded as a reduction to "Interest income" in the consolidated statements of operations for the year ended December 31, 2013. There are currently no indications of impairment on the remaining installment and the Company expects to receive full payment by June 30, 2016. The remaining balance associated with these receivables totaled $20.0 million and $27.6 million at December 31, 2015 and 2014, respectively, and was recorded in "Other current assets" and "Investments and other assets" in the consolidated balance sheets, respectively.

Middlemount Mine. The Company periodically makes loans to Middlemount, in which the Company owns a 50% equity interest, pursuant to the related shareholders' agreement for purposes of funding capital expenditures and working capital requirements. Middlemount is required to pay down the loans as excess cash is generated pursuant to its shareholders' agreement. The Priority Loans bear interest at a rate equal to the monthly average 30-day Australian Bank Bill Swap Reference Rate plus 3.5% and expire on December 31, 2016. Based on the expected timing of repayment of these loans, which is projected to extend beyond the stated expiration date, the Company considers these loans to be of a long-term nature. As a result, (1) the foreign currency impact related to the shareholder loans is included in foreign currency translation adjustment in the consolidated balance sheets and the consolidated statements of comprehensive income and (2) interest income on the Priority Loans is recognized when cash is received. Refer to Note 2. "Asset Impairment" for background surrounding the impairment charge recognized in 2015 related to Middlemount. The carrying value of the loans of $65.2 million and $319.6 million was reflected in "Investments and other assets" in the consolidated balance sheets as of December 31, 2015 and 2014, respectively.

(9) Property, Plant, Equipment and Mine Development

Property, plant, equipment and mine development, net, as of December 31, 2015 and December 31, 2014 consisted of the following:

	December 31,	
	2015	2014
	(Dollars in millions)	
Land and coal interests	$ 10,503.7	$ 11,021.1
Buildings and improvements	1,506.0	1,569.1
Machinery and equipment	2,280.4	2,685.7
Less: Accumulated depreciation, depletion and amortization	(5,031.6)	(4,698.6)
Total, net	$ 9,258.5	$ 10,577.3

The net book value of coal reserves totaled $5.7 billion as of December 31, 2015 and $6.2 billion as of December 31, 2014, which excludes the carrying value of acquired interests in mineral rights at certain Australian exploration properties of $1.2 billion and $1.3 billion, respectively. The coal reserves include mineral rights for leased coal interests and advance royalties that had a net book value of $4.6 billion as of December 31, 2015 and $5.0 billion as of December 31, 2014. The remaining net book value of coal reserves of $1.1 billion at December 31, 2015 and $1.2 billion at December 31, 2014 relates to coal reserves held by fee ownership. Amounts attributable to coal reserves at properties where the Company was not currently engaged in mining operations or leasing to third parties and, therefore, the coal reserves were not currently being depleted, was $1.7 billion as of December 31, 2015 and $2.1 billion as of December 31, 2014.

(10) Income Taxes

Loss from continuing operations before income taxes for the years ended December 31, 2015, 2014 and 2013 consisted of the following:

	Year Ended December 31,		
	2015	2014	2013
	(Dollars in millions)		
U.S.	$ (515.9)	$ 268.9	$ 220.6
Non-U.S.	(1,474.4)	(816.8)	(954.9)
Total	$ (1,990.3)	$ (547.9)	$ (734.3)

Total income tax (benefit) provision for the years ended December 31, 2015, 2014 and 2013 consisted of the following:

	Year Ended December 31,		
	2015	2014	2013
	(Dollars in millions)		
Current:			
U.S. federal	$ (71.9)	$ 27.1	$ (47.9)
Non-U.S.	3.7	(61.1)	38.4
State	(0.6)	3.3	(4.7)
Total current	(68.8)	(30.7)	(14.2)
Deferred:			
U.S. federal	(117.4)	111.0	4.8
Non-U.S.	15.7	122.3	(440.3)
State	(5.9)	(1.4)	1.4
Total deferred	(107.6)	231.9	(434.1)
Total income tax (benefit) provision	$ (176.4)	$ 201.2	$ (448.3)

The following is a reconciliation of the expected statutory federal income tax benefit to the Company's income tax (benefit) provision for the years ended December 31, 2015, 2014 and 2013:

	Year Ended December 31,		
	2015	2014	2013
	(Dollars in millions)		
Expected income tax benefit at U.S. federal statutory rate	$ (696.6)	$ (191.7)	$ (257.0)
Changes in valuation allowance, income tax	462.0	569.4	(29.4)
Changes in tax reserves	(21.4)	(81.5)	8.8
Excess depletion	(53.7)	(65.3)	(72.7)
Foreign earnings repatriation	—	(71.4)	—
Foreign earnings provision differential	146.5	28.8	62.7
General business tax credits	(15.7)	(19.2)	(18.9)
Minerals resource rent tax, net of federal tax	—	16.1	(87.4)
Remeasurement of foreign income tax accounts	(0.5)	(2.7)	(44.3)
State income taxes, net of federal tax benefit	(20.1)	(2.3)	(0.2)
Other, net	23.1	21.0	(9.9)
Total income tax (benefit) provision	$ (176.4)	$ 201.2	$ (448.3)

Certain reconciliation items included in the above table exclude the remeasurement of foreign income tax accounts as these foreign currency effects are separately presented.

The tax effects of temporary differences that gave rise to significant portions of the deferred tax assets and liabilities as of December 31, 2015 and 2014 consisted of the following:

	December 31,	
	2015	2014
	(Dollars in millions)	
Deferred tax assets:		
Tax credits and loss carryforwards	$ 1,817.4	$ 1,723.5
Accrued postretirement benefit obligations	372.4	372.3
Asset retirement obligations	160.9	167.0
Employee benefits	69.6	70.7
Payable to voluntary employee beneficiary association for certain Patriot retirees (1)	52.9	79.2
Hedge activities	26.6	44.2
Environmental contingencies	—	29.9
Deferred revenue	—	29.1
Financial guarantees	16.9	16.9
Workers' compensation obligations	13.7	6.2
Other	66.7	50.5
Total gross deferred tax assets	2,597.1	2,589.5
Deferred tax liabilities:		
Property, plant, equipment and mine development, principally due to differences in depreciation, depletion and asset impairments	966.6	1,223.4
Unamortized discount on Convertible Junior Subordinated Debentures	130.3	131.0
Investments and other assets	70.1	73.4
Other	—	1.1
Total gross deferred tax liabilities	1,167.0	1,428.9
Valuation allowance, income tax	(1,447.3)	(1,169.0)
Net deferred tax liability	$ (17.2)	$ (8.4)
Deferred taxes are classified as follows:		
Current deferred income taxes	$ 49.7	$ 80.0
Noncurrent deferred income taxes	(66.9)	(88.4)
Net deferred tax liability	$ (17.2)	$ (8.4)

(1) Refer to Note 25. "Matters Related to the Bankruptcy of Patriot Coal Corporation" herein for additional details related to this transaction.

The Company's tax credits and tax effected loss carryforwards included U.S. alternative minimum tax (AMT) credits of $272.5 million, foreign tax credits of $247.0 million, tax general business credits of $105.4 million, U.S. capital losses of $65.9 million, federal net operating loss (NOL) carryforwards of $9.9 million, state NOL carryforwards of $41.3 million, charitable contribution carryforwards of $0.9 million and foreign NOL carryforwards of $1,074.5 million as of December 31, 2015. The AMT credits and foreign NOLs have no expiration date. The federal NOLs expire in 2036. The U.S. capital losses and state NOLs begin to expire in 2017 and 2018, respectively. The foreign tax credits and general business credits begin to expire in 2020 and 2027, respectively.

In assessing the near-term use of NOLs and tax credits and corresponding valuation allowance adjustments, the Company evaluated the expected level of future taxable income, available tax planning strategies, reversals of existing taxable temporary differences and taxable income in carryback years. During the year ended December 31, 2015, the Company continued to record valuation allowance against net deferred tax asset positions in the U.S. and Australia of $177.0 million and $101.3 million, respectively. Recognition of those valuation allowances was driven by recent cumulative book losses, as determined by considering all sources of available income (including items classified as discontinued operations or recorded directly to "Accumulated other comprehensive loss"), which limited the Company's ability to look to future taxable income in assessing the realizability of the related assets. Of the $177.0 million increase in U.S. valuation allowance during the year ended December 31, 2015, $182.7 million and $(5.7) million were reflected in "Income tax (benefit) provision" and "Accumulated other comprehensive loss," respectively.

Unrecognized Tax Benefits

Net unrecognized tax benefits (excluding interest and penalties) were recorded as follows in the consolidated balance sheets as of December 31, 2015 and 2014:

	December 31,	
	2015	2014
	(Dollars in millions)	
Accounts payable and accrued expenses	$ —	$ —
Deferred income taxes	7.9	6.2
Other noncurrent liabilities	11.7	34.7
Net unrecognized tax benefits	$ 19.6	$ 40.9
Gross unrecognized tax benefits	$ 22.9	$ 44.5

The amount of the Company's gross unrecognized tax benefits decreased by $21.6 million since January 1, 2015 due to the finalization of IRS audits on the 2009 through 2013 tax years, offset by additions for current positions. The amount of the net unrecognized tax benefits that, if recognized, would directly affect the effective tax rate was $19.6 million and $40.9 million at December 31, 2015 and 2014, respectively. A reconciliation of the beginning and ending amount of gross unrecognized tax benefits for the years ended December 31, 2015, 2014 and 2013 is as follows:

	Year Ended December 31,		
	2015	2014	2013
	(Dollars in millions)		
Balance at beginning of period	$ 44.5	$ 143.9	$ 122.8
Additions for current year tax positions	2.3	12.0	6.3
(Reductions) additions for prior year tax positions	(23.5)	—	63.8
Reductions for settlements with tax authorities	(0.4)	(111.4)	—
Reductions for expirations of statutes of limitations	—	—	(49.0)
Balance at end of period	$ 22.9	$ 44.5	$ 143.9

The Company recognizes interest and penalties related to unrecognized tax benefits in its income tax provision. The Company reversed gross interest and penalties of $2.1 million, $8.0 million and $36.0 million for the years ended December 31, 2015, 2014 and 2013, respectively. The Company had $0.4 million and $3.4 million of accrued gross interest and penalties related to unrecognized tax benefits at December 31, 2015 and 2014, respectively.

The Company expects that during the next twelve months there will be no changes to its net unrecognized tax benefits due to potential audit settlements and the expiration of statutes of limitations.

Tax Returns Subject to Examination

The IRS completed its audit of 2009 through 2013 income tax years. The Company's state income tax returns for the tax years 1999 and thereafter remain potentially subject to examination by various state taxing authorities due to NOL carryforwards. The ATO completed its audit of the Company's Australian income tax returns for the tax years 2004 through 2009 as well as its review of the tax years 2010 through 2012. Australian income tax returns for tax years 2010 through 2013 continue to be subject to potential examinations by the ATO.

Foreign Earnings

The Company had immaterial undistributed earnings of foreign subsidiaries as of December 31, 2015. Historically, the Company has not provided for deferred taxes on undistributed earnings because such earnings are considered to be indefinitely reinvested outside of the U.S.

Tax Payments and Refunds

The following table summarizes the Company's income tax (refunds) payments, net for the years ended December 31, 2015, 2014 and 2013:

	Year Ended December 31,		
	2015	2014	2013
	(Dollars in millions)		
U.S. — federal	$ (38.1)	$ (7.7)	$ (0.8)
U.S. — state and local	0.4	(6.8)	2.9
Non-U.S.	11.9	(2.2)	79.8
Total income tax (refunds) payments, net	$ (25.8)	$ (16.7)	$ 81.9

(11) Accounts Payable and Accrued Expenses

Accounts payable and accrued expenses consisted of the following:

	December 31,	
	2015	2014
	(Dollars in millions)	
Trade accounts payable	$ 333.3	$ 461.7
Commodity and foreign currency hedge contracts	231.7	341.1
Other accrued expenses	225.8	298.8
Accrued payroll and related benefits	191.9	268.7
Accrued taxes other than income	135.9	175.3
Payable to voluntary employee beneficiary association for certain Patriot retirees (1)	75.0	75.0
Accrued interest	68.8	48.4
Accrued royalties	41.0	61.5
Asset retirement obligations	25.5	30.2
Accrued environmental cleanup-related costs	23.9	19.4
Accrued health care insurance	15.8	2.4
Workers' compensation obligations	8.6	10.9
Income taxes payable	6.8	3.3
Other	2.3	—
Liabilities associated with discontinued operations	60.0	12.5
Total accounts payable and accrued expenses	$ 1,446.3	$ 1,809.2

(1) Refer to Note 25. "Matters Related to the Bankruptcy of Patriot Coal Corporation" herein for additional details related to this transaction.

(12) Long-term Debt

The Company's total indebtedness as of December 31, 2015 and 2014 consisted of the following:

	December 31,	
	2015	2014
	(Dollars in millions)	
2013 Term Loan Facility due September 2020	$ 1,164.9	$ 1,175.1
7.375% Senior Notes due November 2016	—	650.0
6.00% Senior Notes due November 2018	1,518.8	1,518.8
6.50% Senior Notes due September 2020	650.0	650.0
6.25% Senior Notes due November 2021	1,339.6	1,339.6
10.00% Senior Secured Second Lien Notes due March 2022	978.4	— —
7.875% Senior Notes due November 2026	247.7	247.6
Convertible Junior Subordinated Debentures due December 2066	385.2	382.3
Capital lease obligations	30.3	22.2
Other	0.7	1.2
Total	$ 6,315.6	$ 5,986.8

The carrying amounts of the 2013 Term Loan Facility due September 2020, the 10.00% Senior Secured Second Lien Notes due March 2022 (the Senior Secured Second Lien Notes), the 7.875% Senior Notes due December 2026 and the Convertible Junior Subordinated Debentures due December 2066 (the Debentures) have been presented above net of the respective unamortized original issue discounts.

As described in Note 1. "Summary of Significant Accounting Policies", the Company has classified as current all of its long-term debt with the exception of the Debentures as of December 31, 2015.

2013 Credit Facility

On September 24, 2013, the Company entered into a secured credit agreement (as amended, the 2013 Credit Facility), which provides for a $1.65 billion revolving credit facility (the 2013 Revolver) and a $1.20 billion term loan facility (the 2013 Term Loan Facility). In connection with the closing of the 2013 Credit Facility, the Company borrowed $1.19 billion under the 2013 Term Loan Facility, net of original issue discount of $12.0 million that will be amortized over its seven-year term, and transferred $94.7 million of existing letters of credit from its unsecured credit agreement dated as of June 18, 2010 (as amended, the 2010 Credit Agreement). The 2013 Revolver commitment will mature on September 24, 2018, or on August 15, 2018 if the Company's 6.00% Senior Notes due 2018 are still in existence on such date. The 2013 Term Loan Facility matures on September 24, 2020. The Company capitalized total deferred financing costs of $18.3 million and $10.1 million related to the 2013 Revolver and 2013 Term Loan Facility, respectively, to be amortized over the respective five- and seven-year terms of those facilities.

Proceeds of the 2013 Term Loan Facility were used primarily to pay off amounts outstanding under the 2010 Credit Agreement and the Company's unsecured credit agreement dated October 28, 2011 (as amended), which had then-outstanding principal amounts of $301.8 million and $862.5 million, respectively. The Company recognized expense of $11.5 million on the write-off of previously deferred financing costs related to those facilities during the year ended December 31, 2013, which was classified in "Interest expense" in the consolidated statement of operations.

All borrowings under the 2013 Credit Facility (other than swingline borrowings and borrowings denominated in currencies other than U.S. dollars) bear interest, at the Company's option, at either a base rate (subject to a floor of 2.00% for borrowings under the 2013 Term Loan Facility) or a eurocurrency rate (subject to a floor of 1.00% for borrowings under the 2013 Term Loan Facility), each as defined in the 2013 Credit Facility, plus: (1) in the case of the 2013 Term Loan Facility, a margin of 2.25% and 3.25% per year for borrowings bearing interest at the base rate and the eurocurrency rate, respectively; or (2) in the case of the 2013 Revolver, a margin dependent on the Company's consolidated net leverage ratio, as defined in the 2013 Credit Facility, ranging from 0.75% to 1.50% and 1.75% to 2.50% per year for borrowings bearing interest at the base rate and eurocurrency rate, respectively.

As of December 31, 2015 the Company had $1,164.9 million outstanding under the 2013 Term Loan Facility with an interest rate payable of LIBOR (with a floor of 1.00%) plus 3.25%, or 4.25% in total.

The Company pays a usage-dependent commitment fee under the 2013 Revolver, which is dependent upon the Company's consolidated net leverage ratio, as defined in the 2013 Credit Facility, and ranges from 0.375% to 0.500% of the available unused commitment. In addition, the Company pays a letter of credit fee, which is also dependent upon the Company's leverage ratio and ranges from 1.75% to 2.50% per year of the undrawn amount of each letter of credit, and a fronting fee equal to 0.125% per year of the face amount drawn under each letter of credit.

The 2013 Term Loan Facility is subject to quarterly amortization of 0.25% per quarter that commenced on October 1, 2013, with the final payment of all amounts outstanding (including accrued interest) being due on September 24, 2020. Subject to customary reinvestment rights, the 2013 Credit Facility is subject to mandatory prepayment and permanent commitment reduction provisions. These provisions include a requirement to prepay the loans with total net proceeds from certain asset sales exceeding $500 million in the aggregate, including certain asset sales by domestic unrestricted subsidiaries or domestic joint ventures of 50% or more of their assets or equity individually or in the aggregate exceeding $200 million. To the extent that mandatory prepayments and or permanent commitment reductions are required, prepayments shall be applied to prepay the term loan borrowings and, once no term loan borrowings are outstanding, the revolving commitments shall be permanently reduced by an amount that depends on the amount of revolving commitments in existence at the time of such reduction.

Under the 2013 Revolver, the Company must comply with two financial covenants on a quarterly basis, which are a maximum net secured first lien leverage ratio and a minimum interest coverage ratio. The Company's Consolidated Net Secured First Lien Leverage Ratio was approximately 1.6 to 1.0 and the Consolidated Interest Coverage Ratio was approximately 1.3 to 1.0, in each case, as of December 31, 2015. The Company was in compliance with those covenants as of December 31, 2015. The Company is permitted to pay dividends, buy and sell assets and make redemptions or repurchases of capital stock, subject to restrictions imposed by the 2013 Credit Facility. That agreement also imposes certain restrictions on the Company's ability to incur liens, incur debt, make investments (including acquisitions), engage in fundamental changes such as mergers and dissolutions, dispose of assets, change the nature of its business, enter into transactions with affiliates, enter into agreements that restrict the Company's ability to make dividends or distributions, enter into agreements with negative pledge clauses, make dividends from the top-level Gibraltar holding company of the Company's Australian operations to the Company's domestic subsidiaries in an amount in excess of $500 million per year and incur liens securing indebtedness on the Company’s “Principal Property” and “Capital Stock” (as such quoted terms are used in the Company’s Senior Notes indentures). It also contains customary events of default. The agreement generally does not restrict the intercompany loans and advances, provided that certain of such loans and advances are subordinated to the Company’s and its subsidaries obligations under the 2013 Credit Facility.

As of December 31, 2015, the Company had no borrowings under the 2013 Revolver, but had $710.0 million of letters of credit outstanding. The remaining capacity under the 2013 Revolver at December 31, 2015 was $940.0 million. The interest rate payable on the 2013 Revolver was LIBOR plus 2.25%, or 2.67% at December 31, 2015. During February 2016, the Company borrowed the maximum amount available under the 2013 Revolver, leaving no remaining capacity.

The Company's obligations under the 2013 Credit Facility are guaranteed by the Company and substantially all of its domestic subsidiaries and are secured by (1) a pledge of 65% of the stock of Peabody Investments (Gibraltar) Limited, a holding company for the Australian operations of the Company, (2) a pledge of the stock of Peabody IC Funding Corp., whose assets are substantially comprised of intercompany debt owed to it by Peabody IC Holdings LLC, a holding company whose sole asset is intercompany debt, which had a book value of $5.5 billion at December 31, 2015, owed to it by the top-level Gibraltar subsidiary of the Company’s Australian platform, an entity which previously owed such debt directly to Peabody IC Funding Corp. and (3) after the effectiveness of the First Amendment described below, substantially all of the Company’s U.S. assets and 65% of the equity interests of its first-tier foreign subsidiaries, subject to certain exceptions. Under the 2013 Credit Facility, the amount of such obligations that are secured by Principal Property and Capital Stock (each as defined in the indentures for the Company's 6.00%, 6.25%, 6.50%, and 7.875% Senior Notes (collectively, the Senior Notes) is limited for the Company to utilize the general liens basket in the Company’s Senior Notes indentures.

On February 5, 2015, the Company entered into the Omnibus Amendment Agreement (the First Amendment) related to its 2013 Credit Facility.

In addition to the pledge of certain collateral, among other things, the First Amendment:

- amended the financial maintenance covenants to provide the Company with greater financial flexibility by lowering the minimum interest coverage ratio and increasing the maximum net secured first lien leverage ratio for the term of the 2013 Credit Facility;
- amended the liens covenant to allow for second lien debt issuances, so long as the Company remains in compliance with the covenants in the 2013 Credit Facility;
- amended certain other negative covenants to (1) reduce the annual cash dividend payments basket to a maximum of $27.5 million (with carryforward permitted), (2) reduce the additional general restricted payments basket, which includes dividends, stock repurchases and certain investments, to a maximum of $100.0 million (though the Company may also make restricted payments using another basket whose amount is based on, among other things, positive earnings during the term of the agreement) and (3) further limit the Company's ability to incur liens, incur debt and make investments; and
- provided for certain additional mandatory prepayments including with the net cash proceeds of certain asset sales, subject to customary reinvestment rights.

The Company paid aggregate modification costs of $11.8 million related to the First Amendment during the year ended December 31, 2015, which will be amortized over the remaining terms of the 2013 Revolver and the 2013 Term Loan Facility.

Under the 2013 Credit Facility, the secured obligations include: term loans outstanding, revolver borrowings, letters of credit outstanding, Swap Obligations and Cash Management Obligations, each as defined in the 2013 Credit Facility.

6.00%, 6.25%, 6.50% and 7.875% Senior Notes (collectively the Senior Notes)

The Senior Notes are senior unsecured obligations and rank senior in right of payment to any subordinated indebtedness; equally in right of payment with any senior indebtedness; are effectively junior in right of payment to the Company's secured indebtedness, to the extent of the value of the collateral securing that indebtedness; and effectively junior to all the indebtedness and other liabilities of its subsidiaries that do not guarantee the notes.

The Senior Notes are jointly and severally guaranteed by nearly all of the Company's domestic subsidiaries, as defined in the note indentures. The note indentures contain covenants that, among other things, limit the Company's ability to create liens and enter into sale and lease-back transactions. The Senior Notes are redeemable at a redemption price equal to 100% of the principal amount of the notes being redeemed plus a make-whole premium and any accrued unpaid interest to the redemption date. If the Company experiences specific kinds of changes in control and the credit rating assigned to the Senior Notes declines below specified levels within 90 days of that time, holders of such notes have the right to require the Company to repurchase their notes at a repurchase price equal to 101% of their principal amount, plus accrued and unpaid interest, if any, to the date of repurchase.

Interest payments on the Senior Notes are scheduled to occur each year as follows:

Senior Notes	Interest Payment Dates
6.00% Senior Notes	May 15 and November 15
6.25% Senior Notes	May 15 and November 15
6.50% Senior Notes	March 15 and September 15
7.875% Senior Notes	May 1 and November 1

Senior Secured Second Lien Notes Offering

On March 16, 2015, the Company completed the offering of $1.0 billion aggregate principal amount of the Senior Secured Second Lien Notes. The notes were offered to qualified institutional buyers under Rule 144A of the Securities Act, and to non-U.S. persons in transactions outside the U.S. under Regulation S of the Securities Act.

The Senior Secured Second Lien Notes are secured by a second-priority lien on all of the assets that secure the Company's obligations under the 2013 Credit Facility on a first-lien basis, subject to permitted liens and other limitations. The Company's Senior Secured Second Lien Notes indenture contains a limit, consistent with the 2013 Credit Facility, on the amount of debt that may be secured by Principal Property and Capital Stock.

The Company used the net proceeds from the sale of the notes, in part, to fund the tender offer to purchase its 7.375% Senior Notes due November 2016 (the 2016 Senior Notes) and to redeem the aggregate principal amount of the 2016 Senior Notes that was not tendered in the tender offer. The remaining proceeds were used for general corporate purposes.

The Company must pay interest on the notes semi-annually on March 15 and September 15 of each year until maturity on March 15, 2022. The Company may redeem the Senior Secured Second Lien Notes at any time on or after March 15, 2018 at the redemption prices specified in the related indenture and, prior to that date, at a redemption price equal to 100% of the principal amount of the notes being redeemed plus a make whole premium, in addition to any accrued and unpaid interest. Prior to March 15, 2018, the Company may also redeem up to 35% of the aggregate principal amount of the Senior Secured Second Lien Notes with the net cash proceeds from certain equity offerings.

The notes were issued at an issue price of 97.566% of principal amount, resulting in an original issue discount of $24.3 million that will be amortized through maturity. The Company also paid aggregate debt issuance costs of $16.9 million during the year ended December 31, 2015 related to the offering, which will also be amortized over the term of the Senior Secured Second Lien Notes.

2016 Senior Notes Tender Offer and Redemption

Concurrently with the offering of the Senior Secured Second Lien Notes, the Company commenced a tender offer to repurchase the $650.0 million aggregate principal amount then outstanding of the 2016 Senior Notes. Consequently, the Company repurchased $566.9 million aggregate principal amount of the 2016 Senior Notes that were validly tendered and not validly withdrawn during the tender offer. The Company redeemed the remaining $83.1 million aggregate principal amount of the 2016 Senior Notes on April 15, 2015. In connection with those repurchases, the Company recognized an aggregate loss on early debt extinguishment of $67.8 million in the consolidated statement of operations for the year ended December 31, 2015 comprised of aggregate tender offer and make-whole premiums paid of $66.4 million and the non-cash write-off of associated unamortized debt issuance costs of $1.4 million.

Convertible Junior Subordinated Debentures

As of December 31, 2015, the Company had $732.5 million aggregate principal outstanding of Debentures that generally require interest to be paid semiannually at a rate of 4.75% per year. The Debentures are convertible at any time on or prior to December 15, 2036 if any of the following conditions occur: (1) the Company's closing common stock price exceeds 140% of the then applicable conversion price for the Debentures (currently $1,200.23 per share) for at least 20 of the final 30 trading days in any quarter; (2) a notice of redemption is issued with respect to the Debentures; (3) a change of control, as defined in the indenture governing the Debentures; (4) satisfaction of certain trading price conditions; and (5) other specified corporate transactions described in the indenture governing the Debentures. In addition, the Debentures are convertible at any time after December 15, 2036 to December 15, 2041, the scheduled maturity date. In the case of conversion following a notice of redemption or upon a non-stock change of control, as defined in the indenture governing the Debentures, holders may convert their Debentures into cash in the amount of the principal amount of their Debentures and shares of the Company's common stock for any conversion value in excess of the principal amount. In all other conversion circumstances, holders will receive perpetual preferred stock (see Note 17. "Stockholders' Equity") with a liquidation preference equal to the principal amount of their Debentures, and any conversion value in excess of the principal amount will be settled with the Company's common stock. As a result of the Patriot spin-off, the conversion rate was adjusted. The conversion rate has also been adjusted when there has been a change in the Company's dividend distribution rate. The current conversion rate is 1.1664 shares of common stock per $1,000 principal amount of Debentures effective October 1, 2015. This adjusted conversion rate represents a conversion price of $857.30.

Between December 20, 2011 and December 19, 2036, the Company may redeem the Debentures, in whole or in part, if for at least 20 out of the 30 consecutive trading days immediately prior to the date on which notice of redemption is given, the Company's closing common stock price has exceeded 130% of the then applicable conversion price for the Debentures (currently $1,114.50 per share). On or after December 20, 2036, whether or not the redemption condition is satisfied, the Company may redeem the Debentures, in whole or in part. The Company may not redeem any Debentures unless (1) all accrued and unpaid interest on the Debentures has been paid in full on or prior to the redemption date and (2) if any perpetual preferred stock is outstanding, the Company has first given notice to redeem the perpetual preferred stock in the same proportion as the redemption of the Debentures. Any redemption of the Debentures will be at a cash redemption price of 100% of the principal amount of the Debentures to be redeemed, plus accrued and unpaid interest to the date of redemption.

On December 15, 2041, the scheduled maturity date, the Company is required to use commercially reasonable efforts, subject to the occurrence of a market disruption event, as defined in the indenture governing the Debentures, to issue securities of equivalent equity content in an amount sufficient to pay the principal amount of the Debentures, together with accrued and unpaid interest. At the final maturity date of the Debentures on December 15, 2066, the entire principal amount will become due and payable, together with accrued and unpaid interest.

In connection with the issuance of the Debentures, the Company entered into a Capital Replacement Covenant (the CRC). Pursuant to the CRC, the Company covenanted for the benefit of holders of covered debt, as defined in the CRC (currently the Company's 7.875% Senior Notes, issued in an aggregate principal amount of $250.0 million), that neither the Company nor any of its subsidiaries shall repay, redeem or repurchase all or any part of the Debentures on or after December 15, 2041 and prior to December 15, 2046, except to the extent that the total repayment, redemption or repurchase price does not exceed the sum of: (1) 400% of the Company's net cash proceeds from the sale of its common stock and rights to acquire its common stock (including common stock issued pursuant to the Company's dividend reinvestment plan or employee benefit plans); (2) the Company's net cash proceeds from the sale of its mandatorily convertible preferred stock, as defined in the CRC, or debt exchangeable for equity, as defined in the CRC; and (3) the Company's net cash proceeds from the sale of other replacement capital securities, as defined in the CRC, in each case, during the six months prior to the notice date for the relevant payment, redemption or repurchase.

The Debentures are unsecured obligations of the Company, ranking junior to all existing and future senior and subordinated debt (excluding trade accounts payable or accrued liabilities arising in the ordinary course of business) except for any future debt that ranks equal to or junior to the Debentures. The Debentures rank equal in right of payment with the Company's obligations to trade creditors. In addition, the Debentures are effectively subordinated to all indebtedness of the Company's subsidiaries. The indenture governing the Debentures places no limitation on the amount of additional indebtedness that the Company or any of the Company's subsidiaries may incur.

In June 2014, the Company received sufficient consents from holders of the Debentures to amend the related indenture and eliminate the provisions relating to the mandatory and optional deferral of interest, thereby providing the Company greater financial and operational flexibility and increased ease of administration with respect to the Debentures. After receiving those consents, the Company entered into a supplemental indenture reflecting the amendments, which binds all holders of the Debentures. The eliminated provisions related to the mandatory deferral of interest (1) required that the Company defer interest payments on the Debentures under specified circumstances unless it obtained funds for those payments through the sale of qualifying warrants or qualifying preferred stock, (2) subject to limitations, required that the Company obtain the necessary funds through such a sale, and (3) prohibited the Company from making certain distributions (including dividends) with respect to its capital stock during any mandatory extension period (as defined in the original indenture governing the Debentures) and until the Company paid all accrued but unpaid interest on the Debentures. The eliminated provisions related to the optional deferral of interest allowed the Company to defer interest payments on the Debentures at its discretion, in certain circumstances.

Holders of the Debentures that validly consented to the amendments received a consent fee of $15.00 per $1,000 principal amount of the Debentures. The Company paid aggregate consent fees of $10.1 million in June 2014 in connection with the Debentures consent solicitation, which will be amortized over the remaining term of the Debentures. Additionally, the Company incurred $1.6 million in fees to third parties related to the consent solicitation and supplemental indenture, which were classified in "Loss on early debt extinguishment" in the consolidated statement of operations for the year ended December 31, 2014.

The Company accounts for the liability and equity components of the Debentures in a manner that reflects the nonconvertible debt borrowing rate when recognizing interest cost in subsequent periods. The following table illustrates the carrying amount of the equity and debt components of the Debentures:

	December 31,	
	2015	2014
	(Dollars in millions)	
Carrying amount of the equity component	$ 215.4	$ 215.4
Principal amount of the liability component	$ 732.5	$ 732.5
Unamortized discount	(347.3)	(350.2)
Net carrying amount	$ 385.2	$ 382.3

The following table illustrates the effective interest rate and the interest expense related to the Debentures:

	Year Ended December 31,		
	2015	2014	2013
	(Dollars in millions)		
Effective interest rate	4.9%	4.9%	4.9%
Interest expense — contractual interest coupon	$ 34.8	$ 34.8	$ 34.8
Interest expense — amortization of debt discount	2.9	2.6	2.3

The remaining period over which the discount will be amortized is 26 years as of December 31, 2015.

Capital Lease Obligations

Refer to Note 13. "Leases" for additional information associated with the Company's capital leases, which pertain to the financing of mining equipment used in operations.

Debt Maturities, Interest Paid and Financing Costs

The aggregate amounts of long-term debt maturities (including unamortized debt discounts) subsequent to December 31, 2015, including capital lease obligations, were as follows:

Year of Maturity	(Dollars in millions)
2016	$ 5,930.4
2017	—
2018	—
2019	—
2020	—
2021 and thereafter	385.2
Total	$ 6,315.6

Interest paid on long-term debt was $414.2 million, $404.4 million and $388.2 million for the years ended December 31, 2015, 2014 and 2013, respectively.

Financing costs incurred with the issuance of the Company’s debt are being amortized to interest expense over the remaining term of the associated debt. The remaining balance at December 31, 2015 was $94.8 million, of which $70.6 million will be amortized to interest expense over the next five years.

(13) Leases

The Company leases equipment and facilities under various noncancelable lease agreements. Certain lease agreements are subject to the restrictive covenants of the Company's credit facilities and include cross-acceleration provisions, under which the lessor could require certain remedies including, but not limited to, immediate recovery of the present value of any remaining lease payments. Rental expense under operating leases, including expense related to short-term operating leases, was $290.1 million, $306.0 million and $305.9 million for the years ended December 31, 2015, 2014 and 2013, respectively. One of the Company's operating lease agreements for underground mining equipment in Australia entered into in 2013 requires contingent rent to be paid only if and when certain coal is mined at a specified margin as defined in the agreements. There was no contingent expense related to that arrangement for the years ended December 31, 2015, 2014 and 2013. The gross value of property, plant, and equipment under capital leases was $125.6 million and $175.1 million as of December 31, 2015 and 2014, respectively, related primarily to the leasing of mining equipment. The accumulated depreciation for these items was $111.4 million and $138.4 million at December 31, 2015 and 2014, respectively, and changes thereto have been included in "Depreciation, depletion and amortization" in the consolidated statements of operations.

The Company also leases coal reserves under agreements that require royalties to be paid as the coal is mined. Certain agreements also require minimum annual royalties to be paid regardless of the amount of coal mined during the year. Total royalty expense was $444.5 million, $507.8 million and $546.0 million for the years ended December 31, 2015, 2014 and 2013, respectively.

A substantial amount of the coal mined by the Company is produced from mineral reserves leased from the owner. One of the major lessors is the U.S. government, from which the Company leases substantially all of the coal it mines in Wyoming under terms set by Congress and administered by the U.S. Bureau of Land Management. These leases are generally for an initial term of ten years but may be extended by diligent development and mining of the reserves until all economically recoverable reserves are depleted. The Company has met the diligent development requirements for substantially all of these federal leases either directly through production, by including the lease as a part of a logical mining unit with other leases upon which development has occurred, or by paying an advance royalty in lieu of continued operations. Annual production on these federal leases must total at least 1.0% of the leased reserve or the original amount of coal in the entire logical mining unit in which the leased reserve resides. In addition, royalties are payable monthly at a rate of 12.5% of the gross realization from the sale of the coal mined using surface mining methods and at a rate of 8.0% of the gross realization for coal produced using underground mining methods. The Company also leases coal reserves in Arizona from The Navajo Nation and the Hopi Tribe under leases that are administered by the U.S. Department of the Interior. These leases expire upon exhaustion of the leased reserves or upon the permanent ceasing of all mining activities on the related reserves as a whole. The royalty rates are also generally based upon a percentage of the gross realization from the sale of coal. These rates are subject to redetermination every ten years under the terms of the leases. The remainder of the leased coal is generally leased from state governments, land holding companies and various individuals. The duration of these leases varies greatly. Typically, the lease terms are automatically extended as long as active mining continues. Royalty payments are generally based upon a specified rate per ton or a percentage of the gross realization from the sale of the coal.

Mining and exploration in Australia is generally conducted under leases, licenses or permits granted by state governments. Mining and exploration licenses and their associated environmental protection approvals contain conditions relating to such matters as minimum annual expenditures, environmental compliance, restoration and rehabilitation. Royalties are paid to the state government as a percentage of the sales price (less certain allowable deductions in some cases). Generally landowners do not own the mineral rights or have the ability to grant rights to mine those minerals. These rights are retained by state governments. Compensation is often payable to landowners, occupiers and Aboriginal traditional owners with residual native title rights and interests for the loss of access to the land from the proposed mining activities. The amount and type of compensation and the ability to proceed to grant of a mining tenement may be determined by agreement or court determination, as provided by law.

Future minimum lease and royalty payments as of December 31, 2015 are as follows:

Year Ending December 31,	Capital Leases	Operating Leases	Coal Lease and Royalty Obligations
		(Dollars in millions)	
2016	$ 12.9	$ 191.5	$ 254.3
2017	7.3	173.8	20.3
2018	8.8	109.4	19.9
2019	0.5	64.2	19.4
2020	0.5	23.4	18.9
2021 and thereafter	10.1	36.5	30.8
Total minimum lease payments	40.1	$ 598.8	$ 363.6
Less interest	9.8		
Present value of minimum capital lease payments	$ 30.3		

As of December 31, 2015, certain of the Company's coal lease obligations were secured by outstanding surety bonds totaling $110.5 million.

(14) Asset Retirement Obligations

Reconciliations of the Company's asset retirement obligations are as follows:

	December 31,	
	2015	2014
	(Dollars in millions)	
Balance at beginning of year	$ 752.5	$ 712.8
Liabilities incurred or acquired	1.3	22.7
Liabilities settled or disposed	(53.3)	(19.7)
Accretion expense	42.7	39.3
Revisions to estimates	(31.1)	(2.6)
Balance at end of year	$ 712.1	$ 752.5
Less: Current portion (included in "Accounts payable and accrued expenses")	25.5	30.2
Noncurrent obligation (included in "Asset Retirement Obligations")	686.6	722.3
Balance at end of year — active locations	$ 656.8	$ 676.2
Balance at end of year — closed or inactive locations	$ 55.3	$ 76.3

In 2014, the Company recognized an asset retirement obligation of $22.2 million due to the nonperformance of a contract miner at a coal reserve property in the Eastern U.S. Because mining operations have ceased at that operation, a corresponding charge was recorded to "Asset retirement obligation expenses" in the consolidated statement of operations for the year ended December 31, 2014. During 2015, the Company sold its interests in the coal reserve property, with the buyer assuming the related asset retirement obligation. The Company recorded a gain of $9.6 million in connection with the transaction.

The credit-adjusted, risk-free interest rates were 50.83%, 6.82%, and 6.44% at December 31, 2015, 2014 and 2013, respectively.

As of December 31, 2015 and 2014, the Company had $609.4 million and $645.0 million, respectively, in surety bonds and bank guarantees outstanding to secure reclamation obligations. The amount of reclamation self-bonding in certain states in which the Company qualifies was $1,430.8 million and $1,361.4 million as of December 31, 2015 and 2014, respectively. Additionally, the Company had $126.6 million and $17.6 million, respectively, of letters of credit in support of reclamation obligations as of December 31, 2015 and 2014.

(15) Postretirement Health Care and Life Insurance Benefits

The Company currently provides health care and life insurance benefits to qualifying salaried and hourly retirees and their dependents from benefit plans established by the Company. Plan coverage for health benefits is provided to future hourly and salaried retirees in accordance with the applicable plan document. Life insurance benefits are provided to future hourly retirees in accordance with the applicable labor agreement.

Net periodic postretirement benefit cost included the following components:

	Year Ended December 31,		
	2015	2014	2013
	(Dollars in millions)		
Service cost for benefits earned	$ 11.2	$ 12.2	$ 15.8
Interest cost on accumulated postretirement benefit obligation	33.8	36.4	41.8
Amortization of prior service (credit) cost	(6.8)	1.3	(1.7)
Amortization of actuarial loss	24.9	14.5	24.1
Settlement related to the Patriot bankruptcy (1)	—	—	63.2
Special termination benefits (2)	—	1.6	0.9
Net periodic postretirement benefit cost	$ 63.1	$ 66.0	$ 144.1

(1) Refer to Note 25. "Matters Related to the Bankruptcy of Patriot Coal Corporation" herein for additional details related to this transaction.

(2) Reflected in "Restructuring and pension settlement charges" in the consolidated statement of operations for the year ended December 31, 2014.

The following includes pre-tax amounts recorded in "Accumulated other comprehensive loss":

	Year Ended December 31,		
	2015	2014	2013
	(Dollars in millions)		
Net actuarial (gain) loss arising during year	$ (35.1)	$ 115.8	$ (24.3)
Prior service credit arising during year	—	(18.0)	—
Amortization:			
Actuarial loss	(24.9)	(14.5)	(24.1)
Prior service credit (cost)	6.8	(1.3)	1.7
Settlement related to the Patriot bankruptcy: (1)			
Actuarial loss	—	—	(61.3)
Prior service cost	(16.6)	—	(1.9)
Total recorded in other comprehensive (income) loss	$ (69.8)	$ 82.0	$ (109.9)

(1) Refer to Note 25. "Matters Related to the Bankruptcy of Patriot Coal Corporation" herein for additional details related to this transaction.

The Company amortizes actuarial gain and loss using a 0% corridor with an amortization period that covers the average future working lifetime of active employees (10.49 years and 11.00 years at January 1, 2016 and 2015, respectively). The estimated net actuarial loss and prior service credit that will be amortized from accumulated other comprehensive (loss) income into net periodic postretirement benefit cost during the year ending December 31, 2016 are $20.4 million and $11.0 million, respectively.

The following table sets forth the plans' funded status reconciled with the amounts shown in the consolidated balance sheets:

	December 31,	
	2015	2014
	(Dollars in millions)	
Change in benefit obligation:		
Accumulated postretirement benefit obligation at beginning of period	$ 839.1	$ 735.4
Service cost	11.2	12.2
Interest cost	33.8	36.4
Participant contributions	1.7	2.2
Plan changes(1)	(16.6)	(18.0)
Benefits paid	(46.5)	(46.5)
Actuarial (gain) loss (2)	(35.1)	115.8
Settlement related to the Patriot bankruptcy (3)	(15.2)	—
Special termination benefits	—	1.6
Other	3.7	—
Accumulated postretirement benefit obligation at end of period	776.1	839.1
Change in plan assets:		
Fair value of plan assets at beginning of period	—	—
Employer contributions	44.8	44.3
Participant contributions	1.7	2.2
Benefits paid and administrative fees (net of Medicare Part D reimbursements)	(46.5)	(46.5)
Fair value of plan assets at end of period	—	—
Funded status at end of year	(776.1)	(839.1)
Less: Current portion (included in "Accounts payable and accrued expenses")	53.2	57.2
Noncurrent obligation (included in "Accrued postretirement benefit costs")	$ (722.9)	$ (781.9)

(1) Refer to Note 25. "Matters Related to the Bankruptcy of Patriot Coal Corporation" herein for additional details related to the reduction in the benefit obligation for 2015. In 2014, the Company made various plan changes that became effective January 1, 2015 for certain plan participants designed to bring consistency amongst the various retiree medical programs which resulted in a $45.4 million reduction to the benefit obligation. In addition, the Company made a plan change effective April 1, 2014 for certain plan participants' benefits no longer funded through a Medicare Advantage Program which resulted in a $27.6 million increase to the benefit obligation. The plan changes will not affect participant benefits.

(2) In 2014, the Company reviewed its demographic assumptions (including mortality, retirements and terminations) in conjunction with the recently-issued mortality tables published by the Society of Actuaries, to select assumptions that are aligned with the Company's experience. The updated demographic assumptions increased the December 31, 2014 benefit obligation by approximately $63 million.

(3) Refer to Note 25. "Matters Related to the Bankruptcy of Patriot Coal Corporation" herein for additional details related to this transaction.

The weighted-average assumptions used to determine the benefit obligations as of the end of each year were as follows:

	December 31,	
	2015	2014
Discount rate	4.50%	4.10%
Measurement date	December 31, 2015	December 31, 2014

The weighted-average assumptions used to determine net periodic benefit cost during each year were as follows:

	Year Ended December 31,		
	2015	2014	2013
Discount rate	4.10%	4.90%	4.21%
Measurement date	December 31, 2014	December 31, 2013	December 31, 2012

The following presents information about the assumed health care cost trend rate:

	Year Ended December 31,	
	2015	2014
Pre-Medicare:		
Health care cost trend rate assumed for next year	6.60%	7.00%
Rate to which the cost trend is assumed to decline (the ultimate trend rate)	4.75%	4.75%
Year that the rate reaches the ultimate trend rate	2021	2021
Post-Medicare:		
Health care cost trend rate assumed for next year	5.80%	6.00%
Rate to which the cost trend is assumed to decline (the ultimate trend rate)	4.75%	4.75%
Year that the rate reaches the ultimate trend rate	2021	2021

Assumed health care cost trend rates have a significant effect on the expense and liability amounts reported for health care plans. A one-percentage-point change in the assumed health care cost trend would have the following effects:

	One Percentage-Point Increase	One Percentage-Point Decrease
	(Dollars in millions)	
Effect on total service and interest cost components (1)	$ 3.8	$ (3.4)
Effect on total postretirement benefit obligation (1)	$ 71.3	$ (62.3)

(1) In addition to the effect on total service and interest cost components of expense, changes in trend rates would also increase or decrease the actuarial gain or loss amortization expense component. The impact on actuarial gain or loss amortization would approximate the increase or decrease in the obligation divided by 10.49 years at January 1, 2016.

Plan Assets

The Company's postretirement benefit plans are unfunded.

Estimated Future Benefit Payments

The following benefit payments (net of retiree contributions), which reflect expected future service, as appropriate, are expected to be paid by the Company:

	Postretirement Benefits
	(Dollars in millions)
2016	$ 53.2
2017	55.2
2018	56.7
2019	57.7
2020	58.1
Years 2021-2025	291.8

(16) Pension and Savings Plans

One of the Company's subsidiaries, Peabody Investments Corp. (PIC), sponsors a defined benefit pension plan covering certain U.S. salaried employees and eligible hourly employees at certain PIC subsidiaries (the Peabody Plan). A subsidiary of PIC also has a defined benefit pension plan covering eligible employees who are represented by the United Mine Workers of America (UMWA) under the Western Surface Agreement (the Western Plan). PIC also sponsors an unfunded supplemental retirement plan to provide senior management with benefits in excess of limits under the federal tax law (collectively, the Plans).

Effective May 31, 2008, the Peabody Plan was frozen in its entirety for both participation and benefit accrual purposes. The Company adopted an enhanced savings plan contribution structure in lieu of benefits formerly accrued under the Peabody Plan. In August 2014, the Company announced a program to offer voluntary lump-sum pension payout to eligible former salaried employees in the Peabody Plan that settled the Company's obligation to them. The program provided participants with a one-time choice of electing to receive a lump-sum settlement of their pension benefit. As part of this voluntary lump-sum program, the Company settled $41.7 million of its pension obligations for U.S. salaried retirees and former salaried employees in the Peabody Plan with an equal amount paid from plan assets. As a result, the Company recorded a settlement charge of $8.7 million reflecting the accelerated recognition of unamortized actuarial losses in the Peabody Plan proportionate to the obligation that was settled. The settlement charge was reflected in "Restructuring and pension settlement charges" on the consolidated statement of operations with a corresponding reduction in "Accumulated other comprehensive loss" on the consolidated balance sheet.

Net periodic pension cost included the following components:

	Year Ended December 31,		
	2015	2014	2013
	(Dollars in millions)		
Service cost for benefits earned	$ 2.7	$ 2.1	$ 2.2
Interest cost on projected benefit obligation	40.4	45.4	42.2
Expected return on plan assets	(48.2)	(54.3)	(59.5)
Amortization of prior service cost	1.0	1.3	1.0
Amortization of net actuarial losses	39.6	30.2	65.7
Settlement charge	—	8.7	—
Total net periodic pension cost	$ 35.5	$ 33.4	$ 51.6

The following includes pre-tax amounts recorded in "Accumulated other comprehensive loss":

	Year Ended December 31,		
	2015	2014	2013
	(Dollars in millions)		
Net actuarial loss (gain) arising during year	$ 30.6	$ 79.2	$ (133.8)
Prior service cost arising during year	—	—	2.2
Amortization:			
Net actuarial loss	(39.6)	(30.2)	(65.7)
Prior service cost	(1.0)	(1.3)	(1.0)
Settlement charge	—	(8.7)	—
Total recorded in other comprehensive (income) loss	$ (10.0)	$ 39.0	$ (198.3)

The Company amortizes actuarial gain and loss using a 5% corridor with a five-year amortization period. The estimated net actuarial loss and prior service cost that will be amortized from "Accumulated other comprehensive loss" into net periodic pension cost during the year ending December 31, 2016 are $24.7 million and $0.3 million, respectively.

The following summarizes the change in benefit obligation, change in plan assets and funded status of the Plans:

	December 31,	
	2015	2014
	(Dollars in millions)	
Change in benefit obligation:		
Projected benefit obligation at beginning of period	$ 1,002.5	$ 947.3
Service cost	2.7	2.1
Interest cost	40.4	45.4
Benefits paid	(62.6)	(57.2)
Actuarial (gain) loss (1)	(43.7)	106.6
Settlement	—	(41.7)
Projected benefit obligation at end of period	939.3	1,002.5
Change in plan assets:		
Fair value of plan assets at beginning of period	839.8	851.4
Actual (loss) return on plan assets	(26.1)	81.7
Employer contributions	6.2	5.6
Benefits paid	(62.6)	(57.2)
Settlement	—	(41.7)
Fair value of plan assets at end of period	757.3	839.8
Funded status at end of year	$ (182.0)	$ (162.7)
Amounts recognized in the consolidated balance sheets:		
Current obligation (included in "Accounts payable and accrued expenses")	$ (1.6)	$ (1.7)
Noncurrent obligation (included in "Other noncurrent liabilities")	(180.4)	(161.0)
Net amount recognized	$ (182.0)	$ (162.7)

(1) During 2014, the Company reviewed its demographic assumptions (such as mortality, retirements and terminations) in conjunction with the recently-issued mortality tables published by the Society of Actuaries, to select assumptions that are aligned with the Company's experience. The updated demographic assumptions increased the December 31, 2014 benefit obligation by approximately $36 million.

The weighted-average assumptions used to determine the benefit obligations as of the end of each year were as follows:

	December 31,	
	2015	2014
Discount rate	4.55%	4.15%
Measurement date	December 31, 2015	December 31, 2014

The weighted-average assumptions used to determine net periodic benefit cost during each year were as follows:

	Year Ended December 31,		
	2015	2014	2013
Discount rate	4.15%	4.95%	4.10%
Expected long-term return on plan assets	6.25%	6.85%	7.75%
Measurement date	December 31, 2014	December 31, 2013	December 31, 2012

The expected rate of return on plan assets is determined by taking into consideration expected long-term returns associated with each major asset class based on long-term historical ranges, inflation assumptions and the expected net value from active management of the assets based on actual results. Effective January 1, 2016, the Company lowered its expected rate of return on plan assets from 6.25% to 6.00%, reflecting the impact of the Company's asset allocation and capital market expectations.

The projected benefit obligation and the accumulated benefit obligation exceeded plan assets for all plans as of December 31, 2015 and 2014. The accumulated benefit obligation for all plans was $939.3 million and $1,002.5 million as of December 31, 2015 and 2014, respectively.

Assets of the Plans

Assets of the PIC Master Trust (the Master Trust) are invested in accordance with investment guidelines established by the Peabody Plan Retirement Committee and the Peabody Western Plan Retirement Committee (collectively, the Retirement Committees) after consultation with outside investment advisors and actuaries.

The asset allocation targets have been set with the expectation that the assets of the Master Trust will be managed with an appropriate level of risk to fund each Plan's expected liabilities. To determine the appropriate target asset allocations, the Retirement Committees consider the demographics of each Plan's participants, the funded status of each Plan, the business and financial profile of the Company and other associated risk preferences. These allocation targets are reviewed by the Retirement Committees on a regular basis and revised as necessary. The Retirement Committees have developed and implemented a dynamic asset-liability management investment strategy (the Dynamic Investment Strategy) designed to reduce each Plan's funded status volatility risk as funded status increases resulting from changes in liabilities due to discount rates and other factors, investment returns and funding contributions. The Dynamic Investment Strategy adjusts allocations between return-seeking (i.e., equities and other similar investments) and liability hedging (i.e., fixed income duration and spread exposure) portfolios in a pre-established manner, with changes triggered when the Plans reach certain funded status thresholds. As of December 31, 2015 and 2014, the Master Trust investment portfolio reflected the Company's target asset mix of 31% and 35% equity securities, respectively, and 69% and 65% fixed income investments, respectively. Master Trust assets also include funds invested in various real estate properties representing approximately 3% and 4% of total Master Trust assets as of December 31, 2015 and 2014, respectively. The Retirement Committees' intention is to liquidate these real estate holdings when allowable per the terms of the limited partnership agreements. Generally, dissolution and liquidation of the limited partnerships is required before the Master Trust’s real estate holdings can be liquidated and is estimated to occur at various times through 2021.

Assets of the Master Trust are either under active management by third-party investment advisors or in index funds, all of which are selected and monitored by the Retirement Committees. Specific investment guidelines have been established by the Retirement Committees for each major asset class including performance benchmarks, allowable and prohibited investment types and concentration limits. In general, investment guidelines do not permit leveraging the assets held in the Master Trust. However, investment managers may employ various strategies and derivative instruments in establishing overall portfolio characteristics consistent with the guidelines and investment objectives established by the Retirement Committees for their portfolios. Equity investment guidelines do not permit entering into put or call options (except as deemed appropriate to manage currency risk), and futures contracts are permitted only to the extent necessary to facilitate liquidity management. Fixed income investment guidelines only allow for exchange-traded derivatives if the investment manager deems the derivative vehicle to be more attractive than a similar direct investment in an underlying cash market or to manage the duration of the fixed income portfolio.

A financial instrument’s level within the valuation hierarchy is based upon the lowest level of input that is significant to the fair value measurement. Following is a description of the valuation techniques and inputs used for investments measured at fair value, including the general classification of such investments pursuant to the valuation hierarchy.

U.S. equity securities. The Master Trust invests in U.S. equity securities for growth and diversification. Investment vehicles include a mutual fund (benchmarked against the performance of the S&P 500 Index) that invests in large-cap publicly traded common stocks and a common/collective trust (benchmarked against the performance of the Russell 2000 Index) that invests in small-cap publicly traded common stocks. The mutual fund, which is traded on a national securities exchange in an active market, is valued using daily publicly quoted net asset value (NAV) prices and accordingly classified within Level 1 of the valuation hierarchy. The common/collective trust (CCT), which is not publicly traded on a national securities exchange, is valued using a NAV that is based on a derived price in an active market and accordingly classified within Level 2 of the valuation hierarchy. U.S. equity securities are not subject to liquidity redemption restrictions.

International equity securities. The Master Trust invests in international equity securities for growth and diversification. Investment vehicles include a CCT that invests in publicly traded non-U.S. equity securities (the Equity CCT) and another CCT (benchmarked against the performance of the MSCI Emerging Markets Index) that primarily invests in equity index securities of companies in global emerging markets (the Equity Index CCT), collectively, the CCTs. Equity and equity index securities within both CCTs are valued using the closing price reported by their primary stock exchange and translated at each valuation date from local currency into U.S. dollars based on independently published currency exchange rates. The NAV is determined in U.S. dollars and calculated as of the last business day of each month for the Equity CCT and daily for the Equity Index CCT. Both CCTs are classified within the Level 2 valuation hierarchy since NAV is based on a derived price in an active market and is not traded on a national securities exchange. Redemptions for both CCTs are at NAV. Equity CCT redemptions can only occur on the first business day of each month subject to a notification period and minimum withdrawal limits. Equity Index CCT redemptions can occur daily.

Debt securities. The Master Trust invests in debt securities for diversification, volatility reduction of equity securities and to provide a hedge to interest rate movements affecting liabilities. Investment vehicles include U.S. government and agency securities, investment-grade corporate bonds, U.S. municipal bonds, non-U.S. government bonds and an institutional mutual fund that holds a diversified portfolio of long-duration corporate fixed income investments. Fair value for these securities is provided by a third-party pricing service that utilizes various inputs such as benchmark yields, reported trades, broker/dealer quotes, issuer spreads and benchmark securities as well as other relevant economic measures. If fair value is based on quoted prices in active markets and traded on a national securities exchange, debt securities are classified within the Level 1 valuation hierarchy; otherwise, debt securities are classified within the Level 2 valuation hierarchy. NAV for the institutional mutual fund is calculated daily in actively traded markets and is classified within the Level 2 valuation hierarchy since fair value inputs are derived prices in active markets and the fund is not traded on a national securities exchange. Debt securities are not subject to liquidity redemption restrictions.

Short-term investments. The Master Trust invests in short-term investments to manage liquidity required for payment of participant benefits and certain administrative fees. Investment vehicles primarily include a non-interest bearing cash fund with an earnings credit allowance feature; an institutional mutual fund that consists of a diversified portfolio of liquid, short-term instruments of varying maturities; and various exchange-traded derivative instruments consisting of futures and interest rate swap agreements used to manage the duration of certain liability-hedging investments. The non-interest bearing cash fund is classified within the Level 1 valuation hierarchy. The institutional mutual fund is classified within the Level 2 valuation hierarchy since fair value inputs are derived prices in active markets and the fund is not traded on a national securities exchange. Exchange traded derivatives, such as options and futures, for which market quotations are readily available, are valued at the last reported sale price or official closing price on the primary market or exchange on which they are traded and are classified within the Level 1 valuation hierarchy. Short-term investments are not subject to liquidity redemption restrictions.

Interests in real estate. The Master Trust invests in real estate interests for diversification. Investments in real estate represent interests in several limited partnerships, which invest in various real estate properties. Interests in real estate are valued using various methodologies, including independent third party appraisals; fair value measurements are not developed by the Company. For some investments, little market activity may exist and determination of fair value is then based on the best information available in the circumstances. This involves a significant degree of judgment by taking into consideration a combination of internal and external factors. Accordingly, interests in real estate are classified within the Level 3 valuation hierarchy. Some limited partnerships issue dividends to their investors in the form of cash distributions that the Plans invest elsewhere within the Master Trust. Certain interests in real estate are subject to liquidity redemption restrictions and voluntary redemptions are generally not permitted. Upon liquidation of the limited partnerships, redemptions will generally be in the form of cash distributions and invested elsewhere within the Master Trust.

The methods described above may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, while the Company believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date. The inputs or methodologies used for valuing investments are not necessarily an indication of the risk associated with investing in those investments.

The following tables present the fair value of assets in the Master Trust by asset category and by fair value hierarchy:

	December 31, 2015			
	Level 1	Level 2	Level 3	Total
	(Dollars in millions)			
U.S. equity securities	$ 107.1	$ 40.2	$ —	$ 147.3
International equity securities	—	57.1	—	57.1
U.S. debt securities	26.8	26.6	—	53.4
International debt securities	—	15.0	—	15.0
Corporate debt securities	—	443.1	—	443.1
Short-term investments	18.2	0.2	—	18.4
Interests in real estate	—	—	23.0	23.0
Total assets at fair value	$ 152.1	$ 582.2	$ 23.0	$ 757.3

	December 31, 2014			
	Level 1	Level 2	Level 3	Total
	(Dollars in millions)			
U.S. equity securities	$ 141.7	$ 48.6	$ —	$ 190.3
International equity securities	—	69.8	—	69.8
U.S. debt securities	25.3	29.1	—	54.4
International debt securities	—	23.5	—	23.5
Corporate debt securities	—	447.8	—	447.8
Short-term investments	17.5	6.3	—	23.8
Interests in real estate	—	—	30.2	30.2
Total assets at fair value	$ 184.5	$ 625.1	$ 30.2	$ 839.8

The table below sets forth a summary of changes in the fair value of the Master Trust's Level 3 investments:

	Year Ended December 31,	
	2015	2014
	(Dollars in millions)	
Balance, beginning of year	$ 30.2	$ 29.9
Realized gains	3.2	0.2
Unrealized gains relating to investments still held at the reporting date	0.2	4.9
Purchases, sales and settlements, net	(10.6)	(4.8)
Balance, end of year	$ 23.0	$ 30.2

Contributions

Annual contributions to qualified plans are made in accordance with minimum funding standards and the Company's agreement with the Pension Benefit Guaranty Corporation (PBGC). Funding decisions also consider certain funded status thresholds defined by the Pension Protection Act of 2006 (generally 80%). During the year ended December 31, 2015, the Company contributed $4.5 million and $1.7 million, respectively, to its qualified and non-qualified pension plans. As of December 31, 2015, the Company's qualified plans are expected to be at or above the Pension Protection Act thresholds and will therefore avoid benefit restrictions and at-risk penalties for 2016. On November 2, 2015, the Bipartisan Budget Act of 2015 (BBA15) was signed into law, which extends pension funding stabilization provisions that were part of the Highway and Transportation Funding Act of 2014 (HATFA) and the Moving Ahead for Progress in the 21 st Century Act of 2012 (MAP-21). Under BBA15, the pension funding stabilization provisions temporarily increased the interest rates used to determine pension liabilities for purposes of minimum funding requirements through 2020. Similar to MAP-21, BBA15 is not expected to change the Company's total required cash contributions over the long term, but is expected to reduce the Company's required cash contributions through 2020 if current interest rate levels persist. Based upon minimum funding requirements in accordance with HATFA and BBA15, the Company expects to contribute approximately $2.2 million to its pension plans to meet minimum funding requirements for its qualified plans and benefit payments for its non-qualified plans in 2016.

Estimated Future Benefit Payments

The following benefit payments, which reflect expected future service, as appropriate, are expected to be paid in connection with the Company's benefit obligation:

	Pension Benefits
	(Dollars in millions)
2016	$ 62.8
2017	63.4
2018	64.0
2019	64.0
2020	65.6
Years 2021-2025	325.2

Defined Contribution Plans

The Company sponsors employee retirement accounts under two 401(k) plans for eligible U.S. employees. The Company matches voluntary contributions to each plan up to specified levels. The expense for these plans was $22.0 million, $44.7 million and $46.4 million for the years ended December 31, 2015, 2014 and 2013, respectively. A performance contribution feature in one of the plans allows for additional contributions from the Company based upon meeting specified Company performance targets. Performance contributions paid during the years ended December 31, 2015, 2014 and 2013 were $19.5 million, $18.3 million and $16.5 million, respectively. The performance contribution was paid in Peabody Energy Corporation common stock for the year ended December 31, 2015 and cash for the years ended December 31, 2014 and 2013, respectively.

(17) Stockholders' Equity

Common Stock

Pursuant to the authorization provided at a special meeting of the Company's stockholders held on September 16, 2015, the Company completed a 1-for-15 reverse stock split of the shares of the Company's common stock on September 30, 2015 (the Reverse Stock Split). Refer to Note 1. "Summary of Significant Accounting Policies" for additional details surrounding the Reverse Stock Split. As a result of the Reverse Stock Split, the Company has 53.3 million authorized shares of $0.01 par value common stock. Holders of common stock are entitled to one vote per share on all matters to be voted upon by the stockholders. The holders of common stock do not have cumulative voting rights in the election of directors. Holders of common stock are entitled to receive ratably dividends if, as and when dividends are declared from time to time by the Company's Board of Directors out of funds legally available for that purpose, after payment of dividends required to be paid on outstanding preferred stock or series common stock, as described below. Upon liquidation, dissolution or winding up, any business combination or a sale or disposition of all or substantially all of the assets, the holders of common stock are entitled to receive ratably the assets available for distribution to the stockholders after payment of liabilities and accrued but unpaid dividends and liquidation preferences on any outstanding preferred stock or series common stock. The common stock has no preemptive or conversion rights and is not subject to further calls or assessment by us. There are no redemption or sinking fund provisions applicable to the common stock.

The following table summarizes common stock activity from January 1, 2013 to December 31, 2015:

	2015	2014	2013
		(In millions)	
Shares outstanding at the beginning of the year	18.1	18.0	17.9
Stock grants to employees	0.2	0.1	0.1
Performance share contribution 401k	0.2	—	—
Shares outstanding at the end of the year	18.5	18.1	18.0

Preferred Stock and Series Common Stock

The Board of Directors is authorized to issue up to 10.0 million shares of preferred stock and up to 40.0 million shares of series common stock, both with a $0.01 per share par value. The Board of Directors can determine the terms and rights of each series, whether dividends (if any) will be cumulative or non-cumulative and the dividend rate of the series, redemption or sinking fund provisions, conversion terms, prices and rates and amounts payable on shares of the series in the event of any voluntary or involuntary liquidation, dissolution or winding up of the affairs of the Company and whether the shares of the series will be convertible into shares of any other class or series, or any other security, of the Company or any other corporation. The Board of Directors may also determine restrictions on the issuance of shares of the same series or of any other class or series, and the voting rights (if any) of the holders of the series. There were no outstanding shares of preferred stock or series common stock as of December 31, 2015.

Perpetual Preferred Stock

As discussed in Note 12. "Long-term Debt," the Company had $732.5 million aggregate principal amount of the Debentures outstanding as of December 31, 2015. Perpetual preferred stock issued upon a conversion of the Debentures will be fully paid and non-assessable, and holders will have no preemptive or preferential right to purchase any of the Company's other securities. The perpetual preferred stock has a liquidation preference of $1,000 per share, is not convertible and is redeemable at the Company's option at any time at a cash redemption price per share equal to the liquidation preference plus any accumulated dividends. Holders are entitled to receive cumulative dividends at an annual rate of 3.0875% if and when declared by the Company's Board of Directors. If the Company fails to pay dividends on the perpetual preferred stock for five years, the Company generally must sell warrants or preferred stock with specified characteristics and use the funds from that sale to pay accumulated dividends after the payment in full of any deferred interest on the Debentures, subject to certain limitations. Additionally, holders of the perpetual preferred stock are entitled to elect two additional members to serve on the Company's Board of Directors if (1) prior to any remarketing of the perpetual preferred stock, the Company fails to declare and pay dividends with respect to the perpetual preferred stock for 10 consecutive years or (2) after any successful remarketing or any final failed remarketing of the perpetual preferred stock, the Company fails to declare and pay six dividends thereon, whether or not consecutive. The perpetual preferred stock may be remarketed at the holder's election after December 15, 2046 or earlier, upon the first occurrence of a change of control if the Company does not redeem the perpetual preferred stock. There were no outstanding shares of perpetual preferred stock as of December 31, 2015.

Treasury Stock

Share repurchases. The Company has a share repurchase program for its common stock with an authorized amount of $1.0 billion in which repurchases may be made from time to time based on an evaluation of the Company's outlook and general business conditions, as well as alternative investment and debt repayment options (Repurchase Program). The Repurchase Program does not have an expiration date and may be discontinued at any time. Through December 31, 2015, the Company had made total repurchases of 0.5 million shares at a cost of $299.6 million ($199.8 million in 2008 and $99.8 million in 2006), leaving $700.4 million available under the Repurchase Program. No share repurchases were made under the Repurchase Program during the years ended December 31, 2015, 2014 and 2013.

Shares relinquished. The Company routinely allows employees to relinquish common stock to pay estimated taxes upon the payout of performance units that are settled in common stock and the vesting of restricted stock. The number of shares of common stock relinquished was less than 0.1 million for the years ended December 31, 2015, 2014 and 2013, respectively. The value of the common stock tendered by employees was based upon the closing price on the dates of the respective transactions.

(18) Share-Based Compensation

In 2015, the Company established the 2015 Long-Term Incentive Plan (the 2015 Plan) for employees and non-employee directors that allows for the issuance of share-based compensation in various forms including stock appreciation rights, restricted stock, performance awards, incentive stock options, nonqualified stock options, deferred stock units, restricted stock units and cash incentive awards. The 2015 Plan superseded the Company's 2011 Long-term Equity Incentive Plan (the 2011 Plan). The 2015 Plan became effective on May 4, 2015, which was the date approval by the Company's stockholders was obtained. Subsequent to May 4, 2015, the Company can only issue awards under the 2015 Plan. Awards previously issued under the 2011 Plan (or any other prior equity plan) will remain outstanding under their terms. Under the 2015 Plan, 1.2 million shares of the Company's common stock were authorized for issuance. The pool of shares authorized for issuance is intended to be fungible. As a result, the number of shares available under the 2015 Plan is reduced by the number of shares underlying any stock appreciation right or stock option granted, and awards other than a stock option or stock appreciation right will reduce the number of shares available under the 2015 Plan by two shares. As of December 31, 2015, there are approximately 1.2 million shares of the Company's common stock available for grant. The Company had two employee stock purchase plans, which provided for the purchase of up to 0.1 million shares of the Company's common stock. Due to the low number of shares available for employee purchase, coupled with the Company's low stock price, both employee stock purchase plans terminated in October 2015.

Share-Based Compensation Expense and Cash Flows

The Company's share-based compensation expense is recorded in "Selling and administrative expenses" in the consolidated statements of operations. Cash received by the Company upon the exercise of stock options and when employees purchase stock under the employee stock purchase plans is reflected as a financing activity in the consolidated statements of cash flows. Share-based compensation expense and cash flow amounts were as follows:

	Year Ended December 31,		
	2015	2014	2013
	(Dollars in millions)		
Share-based compensation expense - equity classified awards	$ 26.2	$ 46.1	$ 50.9
Share-based compensation expense - liability classified awards	2.0	0.7	—
Total share-based compensation expense	28.2	46.8	50.9
Tax benefit	10.4	17.3	18.8
Share-based compensation expense, net of tax benefit	17.8	29.5	32.1
Cash received upon the exercise of stock options and from employee stock purchases	3.4	5.5	7.3
Write-off tax benefits related to share-based compensation	—	(8.3)	(4.5)

As of December 31, 2015, the total unrecognized compensation cost related to nonvested awards was $17.2 million, net of taxes, which is expected to be recognized over three years with a weighted-average period of 0.7 years.

Deferred Stock Units

In 2015, 2014 and 2013, the Company granted deferred stock units to each of its non-employee directors. The fair value of these units is equal to the market price of the Company's common stock at the date of grant. These deferred stock units generally vest after one year and are settled in common stock on the specified distribution date elected by each non-employee director. Non-employee directors are also given the option to receive their total annual cash retainer in the form of additional deferred stock units (based on the fair market value of the Company's common stock on the date of grant). The additional grant of deferred stock units is subject to the same grant timing, vesting and distribution date elections as the annual equity compensation grant.

Restricted Stock Awards

The primary share-based compensation tool used by the Company for its employees is awards of restricted stock. The majority of restricted stock awards are granted in January of each year, with a lesser portion granted in the first month of the subsequent three quarters. Awards generally cliff vest after three years of service and only contain a service condition, with compensation cost recognized on a straight-line basis over the requisite service period, net of estimated forfeitures. For awards with service and performance conditions, the Company recognizes compensation cost using the graded-vesting method, net of estimated forfeitures. The fair value of restricted stock is equal to the market price of the Company's common stock at the date of grant.

A summary of restricted stock award activity is as follows:

	Year Ended December 31, 2015	Weighted Average Grant-Date Fair Value
Nonvested at December 31, 2014	212,506	$ 384.45
Granted	234,651	110.81
Vested	(81,453)	438.22
Forfeited	(58,773)	162.25
Nonvested at December 31, 2015	306,931	$ 184.09

The total fair value at grant date of restricted stock awards granted during the years ended December 31, 2015, 2014 and 2013, was $26.0 million, $25.5 million and $29.2 million, respectively. The total fair value of restricted stock awards vested during the years ended December 31, 2015, 2014 and 2013, was $35.7 million, $24.5 million and $13.2 million, respectively.

Restricted Stock Units

In 2013, the Company began granting restricted stock units to certain senior management and non-senior management employees. One of the restricted stock unit grants contained market conditions valued utilizing a Monte Carlo simulation model and was made as an inducement award for a certain senior management employee. The Monte Carlo simulation model incorporated the total stockholder return hurdles set for each grant and included the following assumptions: risk free interest rate of 1.7%; expected volatility of 48.1% and dividend yield of 1.6%. The Company grants restricted stock units to non-senior management employees who either met the Company's retirement eligibility guidelines or would meet the guidelines during the vesting period of the award. For units granted to both senior and non-senior management employees containing only service conditions, the fair value of the award is equal to the market price of the Company's common stock at the date of grant. Units granted to non-senior management retirement-eligible employees vest quarterly. Units granted to senior management employees vest at various times (none of which exceed five years) in accordance with the underlying award agreement. Compensation cost for both senior and non-senior management employees is recognized on a straight-line basis over the requisite service period. The payouts for active grants awarded in 2014 and 2013 will be settled in the Company's common stock. All awards granted in 2015 will be settled in the Company's common stock with the exception of a grant awarded in 2015 to a member of senior management which will be settled in cash instead of the Company's common stock.

A summary of restricted stock unit activity is as follows:

	Year Ended December 31, 2015	Weighted Average Grant-Date Fair Value
Nonvested at December 31, 2014	33,140	$ 291.60
Granted	47,752	114.49
Vested	(10,435)	199.27
Forfeited	(21,677)	179.68
Nonvested at December 31, 2015	48,780	$ 170.42

The total fair value at grant date of restricted stock units granted during the years ended December 31, 2015, 2014 and 2013 was $5.5 million, $4.2 million and $7.6 million, respectively. The total fair value of restricted stock units vested was $2.1 million during the year ended December 31, 2015 and less than $0.1 million during each of the years ended December 31, 2014 and 2013.

Stock Options

The Company's stock option awards have been primarily limited to senior management personnel. All stock options are granted at an exercise price equal to the market price of the Company's common stock at the date of grant. Stock options generally vest in one-third increments over a period of three years or cliff vest after three years, and expire after 10 years from the date of grant. Expense is recognized ratably over the service period, net of estimated forfeitures. Option grants are typically made in January of each year or upon hire for eligible plan participants. The payouts for active grants awarded in 2014 and 2013 will be settled in the Company's common stock. All awards granted in 2015 will be settled in the Company's common stock with the exception of a grant awarded in 2015 to a certain senior management employee which will be settled in cash instead of the Company's common stock.

The Company used the Black-Scholes option pricing model to determine the fair value of stock options. The Company utilized U.S. Treasury yields as of the grant date for its risk-free interest rate assumption, matching the U.S. Treasury yield terms to the expected life of the option. The Company utilized historical company data to develop its dividend yield, expected volatility and expected option life assumptions.

A summary of outstanding option activity under the plans is as follows:

	Year Ended December 31, 2015	Weighted Average Exercise Price	Weighted Average Remaining Contractual Life	Aggregate Intrinsic Value (in millions)
Options Outstanding at December 31, 2014	201,067	$ 473.55	6.39	$ —
Granted	85,263	116.10		
Forfeited	(45,902)	284.45		
Options Outstanding at December 31, 2015	240,428	$ 388.16	6.28	$ —
Vested and Exercisable	131,722	$ 541.09	4.50	$ —

There were no stock options exercised during the year ended December 31, 2015. During the years ended December 31, 2014 and 2013, the total intrinsic value of options exercised, defined as the excess fair value of the underlying stock over the exercise price of the options, was $0.4 million and $0.9 million, respectively. The weighted-average fair values of the Company's stock options and the assumptions used in applying the Black-Scholes option pricing model were as follows:

	Year Ended December 31,		
	2015	2014	2013
Weighted-average fair value	$ 43.66	$ 110.70	$ 181.95
Risk-free interest rate	1.7%	1.7%	0.7%
Expected option life	5 years	5 years	5 years
Expected volatility	45.2%	48.4%	64.1%
Dividend yield	2.4%	1.7%	1.2%

Performance Units

Performance units are typically granted annually in January and vest over a three-year measurement period and are primarily limited to senior management personnel. The performance units are usually subject to the achievement of goals based on the following conditions or any combination thereof: three-year stock price performance compared to both an industry peer group and a S&P index (market condition) and/or three-year return on capital or mining asset targets (performance condition). Generally, three performance unit grants are outstanding for any given year. The payouts for active grants awarded in 2013 will be settled in the Company's common stock. All awards granted in 2014 will be settled in the Company's common stock with the exception of a grant awarded in 2014 to a certain senior management employee, which was later modified to be settled in cash instead of the Company's common stock. At the date of the modification, the Company reclassified the award from an equity award to a liability award. There was no incremental cost recognized since the fair value of the modified liability award at the modification date was less than the grant-date fair value of the original equity award. To the extent that the fair value of the modified liability award may exceed the recognized compensation cost associated with the grant-date fair value of the original equity award in the future, changes in the liability award's fair value will be recognized as compensation cost prospectively. Awards granted in 2015 to certain senior management employees will be settled in cash. All other awards granted in 2015 will be settled in the Company's common stock.

A summary of performance unit activity is as follows:

	Year Ended December 31, 2015	Weighted Average Remaining Contractual Life
Nonvested at December 31, 2014	50,011	1.5
Granted	72,215	
Forfeited	(22,889)	
Vested	(17,525)	
Nonvested at December 31, 2015	81,812	1.7

As of December 31, 2015, there were 17,525 performance units vested that had an aggregate intrinsic value of less than $0.1 million and a conversion price per share of $8.50.

The performance condition awards were valued utilizing the grant date fair values of the Company's stock adjusted for dividends foregone during the vesting period. The market condition awards were valued utilizing a Monte Carlo simulation model which incorporates the total stockholder return hurdles set for each grant. The assumptions used in the valuations for grants were as follows:

	Year Ended December 31,		
	2015	2014	2013
Risk-free interest rate	1.1%	0.8%	0.4%
Expected volatility	45.0%	45.3%	47.3%
Dividend yield	2.4%	1.7%	1.4%

Employee Stock Purchase Plans

Prior to October 2015, the Company's eligible full-time and part-time employees were able to contribute up to 15% of their base compensation into the employee stock purchase plans, subject to an annual limit of $25,000 per person. Employees were able to purchase Company common stock at a 15% discount to the lower of the fair market value of the Company's common stock on the initial or final trading dates of each six-month offering period. Offering periods began on January 1 and July 1 of each year. The Company used the Black-Scholes option pricing model to determine the fair value of employee stock purchase plan share-based payments. The fair value of the six-month "look-back" option in the Company's employee stock purchase plans was estimated by adding the fair value of 0.15 of one share of stock to the fair value of 0.85 of an option on one share of stock. The Company utilized U.S. Treasury yields as of the grant date for its risk-free interest rate assumption, matching the Treasury yield terms to the six-month offering period. The Company utilized historical company data to develop its dividend yield and expected volatility assumptions. The plans were terminated in October 2015.

Shares purchased under the plans were less than 0.1 million for each of the years ended December 31, 2015, 2014 and 2013.

(19) Accumulated Other Comprehensive Income (Loss)

The following table sets forth the after-tax components of comprehensive income (loss):

	Foreign Currency Translation Adjustment	Net Actuarial Loss Associated with Postretirement Plans and Workers' Compensation Obligations	Prior Service Cost Associated with Postretirement Plans	Cash Flow Hedges	Available-For-Sale Securities	Total Accumulated Other Comprehensive Income (Loss)
	(Dollars in millions)					
December 31, 2012	$ 22.2	$ (411.7)	$ 12.7	$ 387.5	$ 0.3	$ 11.0
Net change in fair value	—	—	—	(333.6)	(12.3)	(345.9)
Reclassification from other comprehensive income to earnings	—	95.0	0.7	(209.6)	12.8	(101.1)
Current period change	(92.7)	110.9	(1.4)	—	—	16.8
December 31, 2013	(70.5)	(205.8)	12.0	(155.7)	0.8	(419.2)
Net change in fair value	—	—	—	(195.0)	(3.7)	(198.7)
Reclassification from other comprehensive income to earnings	—	31.0	1.7	(10.2)	2.9	25.4
Current period change	(41.0)	(142.7)	11.4	—	—	(172.3)
December 31, 2014	(111.5)	(317.5)	25.1	(360.9)	—	(764.8)
Net change in fair value	—	—	—	(131.3)	—	(131.3)
Reclassification from other comprehensive income to earnings	—	35.6	(3.7)	251.7	—	283.6
Current period change	(34.9)	18.1	10.4	—	—	(6.4)
December 31, 2015	$ (146.4)	$ (263.8)	$ 31.8	$ (240.5)	$ —	$ (618.9)

The following table provides additional information regarding items reclassified out of "Accumulated other comprehensive loss" into earnings during the year ended December 31, 2015:

Details about accumulated other comprehensive (loss) income components	Year Ended December 31, 2015 Amount reclassified from accumulated other comprehensive (loss) income [1]	Year Ended December 31, 2014 Amount reclassified from accumulated other comprehensive (loss) income [1]	Affected line item in the consolidated statement of operations
	(Dollars in millions)	(Dollars in millions)	
Net actuarial loss associated with postretirement plans and workers' compensation obligations:			
Postretirement health care and life insurance benefits	$ (24.9)	$ (14.5)	Operating costs and expenses
Defined benefit pension plans	(32.9)	(24.8)	Operating costs and expenses
Defined benefit pension plans	—	(8.7)	Restructuring and pension settlement charges
Defined benefit pension plans	(6.7)	(5.4)	Selling and administrative expenses
Insignificant items	8.0	4.1	
	(56.5)	(49.3)	Total before income taxes
	20.9	18.3	Income tax benefit
	$ (35.6)	$ (31.0)	Total after income taxes
Prior service credit (cost) associated with postretirement plans:			
Postretirement health care and life insurance benefits	$ 6.8	$ (1.3)	Operating costs and expenses
Defined benefit pension plans	(1.0)	(1.3)	Operating costs and expenses
	5.8	(2.6)	Total before income taxes
	(2.1)	0.9	Income tax benefit
	$ 3.7	$ (1.7)	Total after income taxes
Cash flow hedges:			
Foreign currency forward contracts	$ (316.4)	$ (27.3)	Operating costs and expenses
Fuel and explosives commodity swaps	(120.4)	(22.3)	Operating costs and expenses
Coal trading commodity futures, swaps and options	51.8	63.9	Other revenues
Insignificant items	(0.7)	(0.4)	
	(385.7)	13.9	Total before income taxes
	134.0	(3.7)	Income tax provision
	$ (251.7)	$ 10.2	Total after income taxes
Available-for-sale securities:			
Debt securities	$ —	$ —	Interest income
Equity securities	—	(4.7)	Asset impairment and mine closure costs
	—	(4.7)	Total before income taxes
	—	1.8	Income tax benefit
	$ —	$ (2.9)	Total after income taxes

(1) Presented as gains (losses) in the consolidated statements of operations.

Comprehensive (loss) income differs from net loss by the amount of unrealized gain or loss resulting from valuation changes of the Company's cash flow hedges (see Note 6. "Derivatives and Fair Value Measurements" and Note 7. "Coal Trading" for information related to the Company's cash flow hedges), changes in the fair value of available-for-sale securities (see Note 5. "Investments" for information related to the Company's investments in available-for-sale securities), the change in actuarial loss and prior service cost of postretirement plans and workers' compensation obligations (see Note 15. "Postretirement Health Care and Life Insurance Benefits," Note 16. "Pension and Savings Plans" and Note 25. "Matters Related to the Bankruptcy of Patriot Coal Corporation" for information related to the Company's postretirement and pension plans) and foreign currency translation adjustment related to the Company's investments in Middlemount, whose functional currency is the Australian dollar. The values of the Company's cash flow hedging instruments are primarily affected by the U.S. dollar/Australian dollar exchange rate and changes in the prices of certain coal and diesel fuel products.

(20) Resource Management, Acquisitions and Other Commercial Events

Organizational Realignment

From time to time, the Company initiates restructuring activities in connection with its repositioning efforts to appropriately align its cost structure or optimize its coal production relative to prevailing global coal industry conditions. Costs associated with restructuring actions can include early mine closures, voluntary and involuntary workforce reductions, office closures and other related activities. Costs associated with restructuring activities are recognized in the period incurred.

In 2015, the Company has eliminated corporate and regional staff positions in the U.S. and implemented workforce reductions of employee and contractor positions at multiple mines in Australia. Included in the Company's consolidated statements of operations for the year ended December 31, 2015 were aggregate restructuring charges of $23.5 million, primarily comprised of cash severance costs. Of that amount, $3.0 million remained accrued as of December 31, 2015.

Coal Supply Agreement

During April 2014, the Company finalized pricing under a sales agreement for one of its Western U.S. Mining segment customers. As a result of that agreement, the Company recognized additional contract revenue and sales-related expenses totaling $33.5 million and $6.4 million, respectively, during the year ended December 31, 2014 and will continue to realize higher prices for coal supplied pursuant to that agreement.

Divestitures

The Company initiated a review of its asset portfolio during the second quarter of 2015. In connection with that review and related marketing and divestiture approval processes conducted during the period, certain assets were classified as held-for-sale. Subsequent to the related write-downs, these assets had an aggregate carrying value of approximately $125 million and were included in "Other current assets" in the Company's consolidated balance sheet as of December 31, 2015. The results of operations and cash flows of such assets were not material to the consolidated financial statements for the periods presented in this report.

In January 2016, the Company entered into a definitive agreement to sell its 5.06 percent participation interest in the Prairie State Energy Campus to the Wabash Valley Power Association for approximately $57 million, subject to certain customary closing adjustments, and satisfaction of closing condition and expiration of certain purchase rights, with the closing expected to occur in the second quarter of 2016.

In November 2015, the Company entered into a definitive agreement to sell its El Segundo and Lee Ranch mines in New Mexico and its Twentymile Mine in Colorado to Bowie Resource Partners, LLC in exchange for cash proceeds of $358 million and the assumption of approximately $105 million in related liabilities. The transaction is scheduled to be completed during the first quarter of 2016. The mines were not classified as discontinued operations in the accompanying consolidated financial statements due to the level of uncertainty associated with completing the transaction at December 31, 2015.

In January 2014, the Company sold a non-strategic exploration tenement asset in Australia in exchange for cash proceeds of $62.6 million. The Company had previously recorded an impairment charge in December 2013 to write down the carrying value of that asset to its fair value as discussed in Note 2. "Asset Impairment." Accordingly, there was no gain or loss recognized on the disposal during the year ended December 31, 2015.

In December 2014, the Company sold non-strategic coal reserves located in Kentucky in exchange for cash proceeds of $29.6 million. The company recognized a gain on sale of $13.6 million related to the transaction, which was classified in "Net gain on disposal or exchange of assets" in the consolidated statement of operations for the year ended December 31, 2014.

Joint Venture

In 2014, the Company agreed to establish an unincorporated joint venture project with Glencore plc (Glencore), in which each party will hold a 50% interest, to combine the existing operations of the Company's Wambo Open-Cut Mine in Australia with the adjacent coal reserves of Glencore's United Mine. The Company expects the project to result in several operation synergies, including improved mining productivity, lower per-unit operating costs and an extended mine life. The joint venture operations are expected to commence in 2017, subject to substantive contingencies, including the requisite regulatory and permitting approvals. At such time as those contingencies have been resolved or are no longer considered to be substantive, the Company will account for its beneficial interest in the combined operations at fair value.

(21) Earnings per Share (EPS)

Basic and diluted EPS are computed using the two-class method, which is an earnings allocation that determines EPS for each class of common stock and participating securities according to dividends declared and participation rights in undistributed earnings. The Company's restricted stock awards are considered participating securities because holders are entitled to receive non-forfeitable dividends during the vesting term. Diluted EPS includes securities that could potentially dilute basic EPS during a reporting period, for which the Company includes the Debentures and share-based compensation awards. Dilutive securities are not included in the computation of loss per share when a company reports a net loss from continuing operations as the impact would be anti-dilutive.

For all but the performance units, the potentially dilutive impact of the Company's share-based compensation awards is determined using the treasury stock method. Under the treasury stock method, awards are treated as if they had been exercised with any proceeds used to repurchase common stock at the average market price during the period. Any incremental difference between the assumed number of shares issued and purchased is included in the diluted share computation. For the Company's performance units, their contingent features result in an assessment for any potentially dilutive common stock by using the end of the reporting period as if it were the end of the contingency period for all units granted. For further discussion of the Company's share-based compensation awards, see Note 18. "Share-Based Compensation."

A conversion of the Debentures may result in payment for any conversion value in excess of the principal amount of the Debentures in the Company's common stock. For diluted EPS purposes, potential common stock is calculated based on whether the market price of the Company's common stock at the end of each reporting period is in excess of the conversion price of the Debentures. For a full discussion of the conditions under which the Debentures may be converted, the conversion rate to common stock and the conversion price, see Note 12. "Long-term Debt." The effect of the Debentures was excluded from the calculation of diluted EPS for all periods presented herein because to do so would have been anti-dilutive for those periods.

The computation of diluted EPS also excluded aggregate share-based compensation awards of approximately 0.6 million for the year ended December 31, 2015 and 0.2 million for the years ended December 31, 2014 and 2013, respectively, because to do so would have been anti-dilutive for those periods. Because the potential dilutive impact of such share-based compensation awards is calculated under the treasury stock method, anti-dilution generally occurs when the exercise prices or unrecognized compensation cost per share of such awards are higher than the Company's average stock price during the applicable period.

The following illustrates the earnings allocation method utilized in the calculation of basic and diluted EPS. The number of shares and per share amounts for all period presented below have been retroactively restated to reflect the Reverse Stock Split discussed in Note 1. "Summary of Significant Accounting Policies.":

	Year Ended December 31,		
	2015	2014	2013
	(In millions, except per share amounts)		
EPS numerator:			
Loss from continuing operations, net of income taxes	$ (1,813.9)	$ (749.1)	$ (286.0)
Less: Net income attributable to noncontrolling interests	7.1	9.7	12.3
Loss from continuing operations attributable to common stockholders, before allocation of earnings to participating securities	(1,821.0)	(758.8)	(298.3)
Less: Earnings allocated to participating securities	—	1.0	0.8
Loss from continuing operations attributable to common stockholders, after allocation of earnings to participating securities	(1,821.0)	(759.8)	(299.1)
Loss from discontinued operations attributable to common stockholders, after allocation of earnings to participating securities	(175.0)	(28.2)	(226.6)
Net loss attributable to common stockholders, after earnings allocated to participating securities	$ (1,996.0)	$ (788.0)	$ (525.7)
EPS denominator:			
Weighted average shares outstanding — basic and diluted	18.1	17.9	17.8
Basic and diluted EPS attributable to common stockholders:			
Loss from continuing operations	$ (100.34)	$ (42.52)	$ (16.80)
Loss from discontinued operations	(9.64)	(1.57)	(12.73)
Net loss attributable to common stockholders	$ (109.98)	$ (44.09)	$ (29.53)

(22) Management — Labor Relations

On December 31, 2015, the Company had approximately 7,600 employees worldwide, including approximately 5,700 hourly employees; the employee amounts exclude employees that were employed at operations classified as discontinued operations. Approximately 37% of those hourly employees were represented by organized labor unions and were employed by mines that generated 20% of the Company's 2015 coal production from continuing operations. In the U.S., one surface mine is represented by an organized labor union. In Australia, the coal mining industry is unionized and the majority of hourly workers employed at the Company's Australian Mining operations are members of trade unions. The Construction Forestry Mining and Energy Union generally represents the Company's Australian subsidiaries' hourly production and engineering employees, including those employed through contract mining relationships. The Company believes labor relations with its employees are good. Should that condition change, the Company could experience labor disputes, work stoppages or other disruptions in production that could negatively impact the Company's results of operations and cash flows.

The following table presents the Company's active mining operations as of December 31, 2015 in which the employees are represented by organized labor unions:

Mine	Current Agreement Expiration Date
U. S.	
Kayenta (1)	September 2019
Australia	
Owner-operated mines:	
Wambo Open-Cut	December 2018
North Wambo Underground (2)	April 2016
North Goonyella	December 2018
Metropolitan (3)	August 2015
Millennium (3)	October 2015
Wilpinjong	May 2016
Coppabella (4)	October 2016
Moorvale (4)	June 2017
Contractor-operated mines:	
Burton	December 2016

(1) Hourly workers at the Company's Kayenta Mine in Arizona are represented by the UMWA under the Western Surface Agreement, which is effective through September 16, 2019. This agreement covers approximately 8% of the Company's U.S. subsidiaries' hourly employees, who generated approximately 4% of the Company's U.S. production during the year ended December 31, 2015.

(2) Employees of the Company's North Wambo Underground Mine also operate under a separate enterprise agreement. That agreement expired in April 2015 and negotiations are underway. The parties agreed to a rollover for 12 months through April 2016. There have been no disruptions to the operations of the plant as a result of the expiration of the agreement.

(3) Negotiations for the Metropolitan and Millennium mines are underway or have been scheduled and the mines continue to operate. Hourly employees of these mines comprise approximately 28% of the Company's Australian subsidiaries hourly employees, who generated approximately 19% of the Company's Australian production during the year ended December 31, 2015.

(4) Employees of the Company's Coppabella/Moorvale Coal Handling and Preparation Plant facility also operate under a separate enterprise agreement. That agreement expired in March 2014. After negotiations, the Company's final offer was rejected by employees. The Company applied to terminate the employment agreement with a hearing set in early 2016.

(23) Financial Instruments, Guarantees With Off-Balance-Sheet Risk and Other Guarantees

In the normal course of business, the Company is a party to guarantees and financial instruments with off-balance-sheet risk, most of which are not reflected in the accompanying consolidated balance sheets. Such financial instruments are valued based on the amount of exposure under the instrument and the likelihood of required performance. As of March 15, 2016, management does not expect any material losses to result from these guarantees or off-balance-sheet instruments in excess of liabilities provided for in the consolidated balance sheet as of December 31, 2015.

Financial Instruments with Off-Balance Sheet Risk

As of December 31, 2015, the Company had the following financial instruments with off-balance-sheet risk:

	Reclamation Obligations	Coal Lease Obligations	Workers' Compensation Obligations	Other[1]	Total	Letters of Credit in Support of Financial Instruments
	(Dollars in millions)					
Self bonding	$ 1,430.8	$ —	$ —	$ —	$ 1,430.8	$ —
Surety bonds [2]	293.2	110.5	19.1	14.9	437.7	75.6
Bank guarantees	299.1	—	—	102.6	401.7	353.6
Other letters of credit	—	—	55.9	150.4	206.3	—
Total	$ 2,023.1	$ 110.5	$ 75.0	$ 267.9	$ 2,476.5	$ 429.2

(1) Other includes the $79.7 million in letters of credit related to Dominion Terminal Associates and the PBGC, as described below, and an additional $188.2 million in bank guarantees, letters of credit and surety bonds related to road maintenance, performance guarantees and other operations.

(2) A total of $75.9 million of letters of credit issued as collateral to support surety bonds related to Patriot have been excluded from above as they no longer represent off-balance sheet obligations as discussed in Note 25. "Matters Related to the Bankruptcy of Patriot Coal Corporation".

The Company owns a 37.5% interest in Dominion Terminal Associates, a partnership that operates a coal export terminal in Newport News, Virginia under a 30-year lease that permits the partnership to purchase the terminal at the end of the lease term for a nominal amount. The partners have severally (but not jointly) agreed to make payments under various agreements which in the aggregate provide the partnership with sufficient funds to pay rents and to cover the principal and interest payments on the floating-rate industrial revenue bonds issued by the Peninsula Ports Authority which become due in 2016, and which are supported by letters of credit from a commercial bank. As of December 31, 2015, the Company's maximum reimbursement obligation to the commercial bank was in turn supported by four letters of credit totaling $42.7 million.

The Company is party to an agreement with the PBGC and TXU Europe Limited, an affiliate of the Company's former parent corporation, under which the Company is required to make special contributions to two of the Company's defined benefit pension plans and to maintain a $37.0 million letter of credit in favor of the PBGC. If the Company or the PBGC gives notice of an intent to terminate one or more of the covered pension plans in which liabilities are not fully funded, or if the Company fails to maintain the letter of credit, the PBGC may draw down on the letter of credit and use the proceeds to satisfy liabilities under the Employee Retirement Income Security Act of 1974, as amended. The PBGC, however, is required to first apply amounts received from a $110.0 million guarantee in place from TXU Europe Limited in favor of the PBGC before it draws on the Company's letter of credit. On November 19, 2002, TXU Europe Limited was placed under the administration process in the U.K. (a process similar to bankruptcy proceedings in the U.S.) and continues under this process as of December 31, 2015. As a result of these proceedings, TXU Europe Limited may be liquidated or otherwise reorganized in such a way as to relieve it of its obligations under its guarantee.

Accounts Receivable Securitization

The Company has an accounts receivable securitization program (securitization program) with a maximum capacity of $275.0 million through its wholly-owned, bankruptcy-remote subsidiary (Seller). At December 31, 2015, the Company had no remaining capacity available under the securitization program. Under the securitization program, the Company contributes trade receivables of most of the Company's U.S. subsidiaries on a revolving basis to the Seller, which then sells the receivables in their entirety to a consortium of unaffiliated asset-backed commercial paper conduits and banks (the Conduits). After the sale, the Company, as servicer of the assets, collects the receivables on behalf of the Conduits for a nominal servicing fee. The Company utilizes proceeds from the sale of its accounts receivable as an alternative to short-term borrowings under the 2013 Revolver portion of the Company's 2013 Credit Facility, effectively managing its overall borrowing costs and providing an additional source of working capital. The securitization program will expire in April 2016. The Company has started the process of renewing the program.

The Seller is a separate legal entity whose assets are available first and foremost to satisfy the claims of its creditors. Of the receivables sold to the Conduits, a portion of the amount due to the Seller is deferred until the ultimate collection of the underlying receivables. During the year ended December 31, 2015, the Company received total consideration of $3,703.2 million related to accounts receivable sold under the securitization program, including $2,595.1 million of cash up front from the sale of the receivables, an additional $1,096.4 million of cash upon the collection of the underlying receivables and $11.7 million that had not been collected at December 31, 2015 and was recorded at carrying value, which approximates fair value. The reduction in accounts receivable as a result of securitization activity with the Conduits was $168.5 million and $30.0 million at December 31, 2015 and 2014, respectively.

The securitization activity has been reflected in the consolidated statements of cash flows as an operating activity because both the cash received from the Conduits upon sale of receivables as well as the cash received from the Conduits upon the ultimate collection of receivables are not subject to significantly different risks given the short-term nature of the Company's trade receivables. The Company recorded expense associated with securitization transactions of $1.8 million, $1.5 million and $1.5 million for the years ended December 31, 2015, 2014 and 2013, respectively.

Other

Included in "Other noncurrent liabilities" in the Company's consolidated balance sheets as of December 31, 2015 and 2014 is a liability of $38.4 million and $44.7 million, respectively, related to reclamation, bonding commitments and worker's compensation provided on behalf of a third-party coal producer associated with a 2007 purchase of coal reserves and surface lands in the Illinois Basin.

The Company is the lessee under numerous equipment and property leases. It is common in such commercial lease transactions for the Company, as the lessee, to agree to indemnify the lessor for the value of the property or equipment leased, should the property be damaged or lost during the course of the Company's operations. The Company expects that losses with respect to leased property, if any, would be covered by insurance (subject to deductibles). The Company and certain of its subsidiaries have guaranteed other subsidiaries' performance under various lease obligations. Aside from indemnification of the lessor for the value of the property leased, the Company's maximum potential obligations under its leases are equal to the respective future minimum lease payments, and the Company assumes that no amounts could be recovered from third parties.

The Company has provided financial guarantees under certain long-term debt agreements entered into by its subsidiaries and substantially all of the Company's U.S. subsidiaries provide financial guarantees under long-term debt agreements entered into by the Company. The maximum amounts payable under the Company's debt agreements are equal to the respective principal and interest payments.

(24) Commitments and Contingencies

Commitments

Unconditional Purchase Obligations

As of December 31, 2015, purchase commitments for capital expenditures were $20.0 million, all of which is obligated within the next year. In Australia, the Company has generally secured the ability to transport coal through rail contracts and ownership interests in five east coast coal export terminals that are primarily funded through take-or-pay arrangements with terms ranging up to 27 years. In the U.S., the Company has entered into certain long-term coal export terminal agreements to secure export capacity through the Gulf Coast. As of December 31, 2015, these Australian and U.S. commitments under take-or-pay arrangements totaled $2,236.0 million, of which $301.3 million is obligated within the next year. Subsequent to December 31, 2015, the Company amended certain contracts to reduce U.S. transportation and logistics costs. In connection with these amendments, the Company will realize a net reduction of approximately $45 million in estimated liquidated damage payments that otherwise would have become due with respect to these take-or-pay arrangements in 2017.

Federal Coal Leases

In the second quarter of 2012, the Company was named by the U.S. Department of the Interior, Bureau of Land Management (BLM) as the winning bidder for control of approximately 1.1 billion tons of federal coal reserves adjacent to its North Antelope Rochelle Mine in the Southern Powder River Basin of Wyoming, with a weighted average bid price of approximately $1.10 per mineable ton. Consequently, the Company made aggregate payments of $247.9 million during each of the years ended December 31, 2015, 2014 and 2013 pursuant to the two associated federal coal leases, with one remaining annual payment of $247.9 million due in 2016.

In July 2011, the Company was named by the BLM as the winning bidder for control of approximately 220 million tons of federal coal reserves adjacent to its Caballo Mine in the Powder River Basin at a bid price of $0.95 per mineable ton, with payments of $42.1 million due annually in each of the years from 2011 through 2015 pursuant to the associated federal coal lease (the Belle Ayr North Lease). Similarly, in September 2011, a subsidiary of Alpha Natural Resources, Inc. (Alpha) was named by the BLM as the winning bidder for control of approximately 130 million tons of federal coal reserves in the Powder River Basin at a bid price of $1.10 per mineable ton, with contractual payments of $28.6 million due annually in each of the years from 2011 through 2015 under the associated federal coal lease (the Caballo West Lease). In July 2012, the Company and Alpha executed a lease exchange agreement with the BLM whereby the Company agreed to sell, assign and transfer its interest in the Belle Ayr North Lease in exchange for (1) Alpha's interest in the Caballo West Lease, (2) reimbursement of $13.5 million for the difference in the related federal coal lease payments made by each party in 2011 and (3) five annual true up payments of $3.9 million for the excess of the $1.10 bid price per mineable ton assumed under the Caballo West Lease over the $0.95 price under the transferred lease. The Company received true up payments during each of the years ended December 31, 2014 and 2013. Those cash receipts are classified in "Proceeds from disposal of assets, net of notes receivable" in the consolidated statement of cash flows. During 2015, Alpha filed voluntary petitions for reorganization under Chapter 11 of the U.S. Code and no true up payment was received.

The federal coal leases executed with the BLM described above expire after a 20-year initial term, unless at such time there is ongoing production on the subject leases or within an active logical mining unit of which they are part.

Contingencies

From time to time, the Company or its subsidiaries are involved in legal proceedings arising in the ordinary course of business or related to indemnities or historical operations. The Company believes it has recorded adequate reserves for these liabilities. The Company discusses its significant legal proceedings below, including ongoing proceedings and those that impacted the Company's results of operations for the periods presented.

Litigation Relating to Continuing Operations

Peabody Monto Coal Pty Ltd, Monto Coal 2 Pty Ltd and Peabody Energy Australia PCI Pty Ltd (PEA-PCI). In October 2007, a statement of claim was delivered to Peabody Monto Coal Pty Ltd, a wholly-owned subsidiary of PEA-PCI, then Macarthur Coal Limited, and Monto Coal 2 Pty Ltd, an equity accounted investee, from the minority interest holders in the Monto Coal Joint Venture, alleging that Monto Coal 2 Pty Ltd breached the Monto Coal Joint Venture Agreement and Peabody Monto Coal Pty Ltd breached the Monto Coal Management Agreement. Peabody Monto Coal Pty Ltd is the manager of the Monto Coal Joint Venture pursuant to the Management Agreement. Monto Coal 2 Pty Ltd holds a 51% interest in the Monto Coal Joint Venture. The plaintiffs are Sanrus Pty Ltd, Edge Developments Pty Ltd and H&J Enterprises (Qld) Pty Ltd. An additional statement of claim was delivered to PEA-PCI in November 2010 from the same minority interest holders in the Monto Coal Joint Venture, alleging that PEA-PCI induced Monto Coal 2 Pty Ltd and Peabody Monto Coal Pty Ltd to breach the Monto Coal Joint Venture Agreement and the Monto Coal Management Agreement, respectively. The plaintiffs later amended their claim to allege damages for lost opportunities to sell their joint venture interest. These actions, which are pending before the Supreme Court of Queensland, Australia, seek damages from the three defendants collectively of amounts ranging from $15.6 million Australian dollars to $1.8 billion Australian dollars, plus interest and costs. The defendants dispute the claims and are vigorously defending their positions. Based on the Company's evaluation of the issues and their potential impact, the amount of any future loss cannot be reasonably estimated.

Sumiseki Materials Co. Ltd. In 2010, Sumiseki Materials Co. Ltd. (Sumiseki), the Class B shareholder (noncontrolling interest holder) in Wambo Coal Pty Ltd (Wambo), an Australian subsidiary of the Company, filed a lawsuit against Wambo in the Supreme Court of New South Wales, Australia, alleging that it was entitled to certain dividends from Wambo (subject to limited exceptions) and requested payment of those dividends for periods from 2009 to 2012. In March 2013, the Supreme Court ruled Sumiseki was entitled to the disputed dividends (subject to limited exceptions). In May 2013, the Supreme Court issued finalized orders, which included the amounts due for the disputed dividends including interest. Wambo appealed the Supreme Court's decision to the New South Wales Court of Appeal and obtained a stay of the Supreme Court judgment. In accordance with the terms of the stay, Wambo posted security with the court in an interest-bearing trust account jointly operated by the parties.

On September 17, 2014, the Court of Appeal upheld the Supreme Court's ruling (with a minor exception), finding Sumiseki was entitled to the disputed dividends plus interest and costs. In its ruling, the Court of Appeal noted that while payment of dividends is usually a matter for a company's directors, the Class B dividend is a mandatory dividend, regardless of any decision by the directors, and that the amount of the dividend is based on a percentage of the company's net profit, unless there is a legal prohibition that precludes the dividend being paid. Wambo filed an application for leave to appeal the ruling to the High Court of Australia, but the application was denied. Wambo has satisfied the terms of the Court of Appeal’s judgment, including the remittance of the restricted security previously posted with the court, and the litigation is over.

Eagle Mining, LLC Arbitration. On May 3, 2013, Eagle Mining, LLC (Eagle) filed an arbitration demand against a Company subsidiary under a contract mining agreement, asserting various claims for damages. An arbitration hearing was held in January 2014 before a single arbitrator. As a result of the damages awarded to Eagle in arbitration, the Company recorded a charge of $15.6 million in "Operating costs and expenses" in the consolidated statement of operations for the year ended December 31, 2014 to increase the associated liability accrual to $23.4 million. On April 18, 2014, the Company subsidiary filed a petition to partially vacate and modify the arbitration award in the United States District Court for the Southern District of West Virginia, Charleston Division. On July 29, 2015, the District Court issued a Memorandum Opinion and Order denying the petition to partially vacate and modify the arbitration award and granting Eagle's motion to confirm the arbitration award.

In September 2015, Eagle and the Company's subsidiary settled all claims and agreed to dismiss with prejudice all pending litigation between the parties. In connection with this settlement, the Company recorded a gain totaling $10.8 million during the year ended December 31, 2015 to reduce the accrued liability to the amount paid. The matter has concluded.

Queensland Bulk Handling Pty Ltd. On June 30, 2014, QBH filed a statement of claim with the Supreme Court of Queensland, Australia, against Peabody (Wilkie Creek) Pty Limited, an indirect wholly-owned subsidiary of the Company, alleging breach of a CPSA between the parties. QBH originally sought damages of $113.1 million Australian dollars, plus interest and costs. However, it later altered its claim to seek a declaration that the Company subsidiary had exercised an option to renew the contract for a further term, and withdrew its claim for money damages.

On February 27, 2015, the Supreme Court of Queensland, Australia ruled that QBH and the Company subsidiary were bound to enter into a new CPSA upon substantially the same terms as the 2009 CPSA, within 30 days of July 8, 2013. Under the 2009 CPSA, QBH provided services to Peabody (Wilkie Creek) Pty Limited for operations at the Wilkie Creek Mine, which was closed in 2013. The term of the potential new CPSA would commence January 1, 2015 and expire on December 31, 2026 and, assuming substantially the same contractual terms, would require annual minimum payments of approximately $11.8 million Australian dollars. The Company subsidiary appealed this ruling, which was heard by the Court of Appeal on July 30, 2015. On October 23, 2015, the appellate court upheld this ruling and dismissed the appeal. The Company subsidiary was ordered to pay QBH's costs of the appeal. On December 8, 2015, QBH filed a claim in the Supreme Court of Queensland, Australia seeking specific performance of the Company subsidiary's obligation to enter into a new CPSA as described above and payment of $11.8 million Australian dollars representing amounts invoiced by QBH from January through November 2015, plus additional amounts for interest and attorney fees. On January 29, 2016, the Company subsidiary filed a defense to these claims. On February 15, 2016, QBH filed an application for summary judgment, which QBH subsequently agreed to adjourn to a date to be fixed, seeking an order requiring the Company subsidiary to execute a new CPSA and seeking additional amounts invoiced by QBH through February 2016, plus additional interest on these amounts and attorney fees. On February 29, 2016 QBH filed an amended statement claim. The Company subsidiary is due to file a defense to the amended statement of claim by March 22, 2016. In February 2016, QBH served costs statements on the Company subsidiary for attorneys' fees for the appeal and trial and the Company subsidiary is in the process of objecting to the amount of those costs.

While the ultimate impact of the litigation is subject to a wide range of uncertainty, the Company recognized a charge of $9.7 million to discontinued operations for year ended December 31, 2015. That amount represents the low end of the range of loss that the Company considers probable. It is reasonably possible that additional exposure may exist up to and including the aggregate annual minimum payments under the potential new CPSA noted above.

Lori J. Lynn Class Action. On June 11, 2015, a former Peabody Investments Corp. (PIC) employee filed a putative class action lawsuit in the United States District Court, Eastern District of Missouri on behalf of three of the Company's or its subsidiaries' 401(k) retirement plans and certain participants and beneficiaries of the plans. The lawsuit, which was brought against the Company, Peabody Holding Company, LLC (PHC), PIC and a number of the Company's and PIC's current and former executives and employees, alleges breach of fiduciary duties under the Employee Retirement Income Security Act of 1974 (ERISA) relating to the offering of the Peabody Energy Stock Fund as an investment option in the 401(k) retirement plans.

On September 8, 2015, the plaintiffs filed an amended complaint which, among other things, named a new plaintiff and named all of the current members and two former members of the board as defendants. The class period (December 2012 to present) remains unchanged. On November 9, 2015, the defendants filed a motion seeking dismissal of all claims.

On January 14, 2016, the plaintiffs filed a motion requesting leave to file a second amended complaint, which seeks to name the boards of directors of PIC and PHC as defendants and include new allegations against the Company related to the Company's disclosure to investors of risks associated with climate change and related legislation and regulations. The Company agreed not to oppose the plaintiff's motion on the condition that the plaintiffs dismiss the Company's independent directors from the lawsuit. The defendants dispute the allegations of the lawsuit and plan to vigorously defend their positions. Based on current information the Company believes these claims are likely to be finalized without a material adverse effect of its financial condition, results of operations or cash flows.

Contract Pricing Arbitration. In December 2014, the Company resolved an arbitration process with one of its U.S. customers related to the negotiated price of coal delivered pursuant to a long-term coal supply agreement. During the year ended December 31, 2014, the Company shipped 4.8 million tons subject to that agreement. In connection with the settlement, the Company agreed to provide the customer with a pricing rebate of $68.7 million, which represents a portion of the total amount that was invoiced and collected upon in 2014 based on contract prices in effect in 2013. The Company decreased revenue recognized for the year ended December 31, 2014 by the rebate amount and recorded a corresponding liability, which will be ratably relieved through credits against future customer billings through 2017.

Gulf Power Company. On June 22, 2006, Gulf Power Company (Gulf Power) filed a breach of contract lawsuit against a Company subsidiary in the U.S. District Court, Northern District of Florida, contesting the force majeure declaration by the Company's subsidiary under a coal supply agreement with Gulf Power and seeking damages for alleged past and future tonnage shortfalls of nearly five million tons under the agreement, which expired in 2007. After the proceedings, the District Court awarded Gulf Power damages of $20.6 million for its 2007 cover coal purchases and prejudgment interest of $6.9 million plus post-judgment interest. The Company's subsidiary and Gulf Power both appealed and, in June 2013, the U.S. Court of Appeals for the Eleventh Circuit issued its order affirming the District Court's judgment in all respects. The Company subsidiary and Gulf Power agreed not to seek judicial review of the Eleventh Circuit's order, and the Company subsidiary paid the judgment during the third quarter of 2013. In connection with the order, the Company recorded a charge for the judgment amount of $20.6 million in "Operating costs and expenses" and $6.9 million in "Interest expense" in the consolidated statements of operations for the year ended December 31, 2013.

Claims, Litigation and Settlements Relating to Indemnities or Historical Operations

Environmental Claims and Litigation Arising From Historical, Non-Coal Producing Operations. Gold Fields Mining, LLC (Gold Fields) is a dormant, non-coal producing entity that was previously managed and owned by Hanson plc, the Company's predecessor owner. In a February 1997 spin-off, Hanson plc transferred ownership of Gold Fields to the Company despite the fact that Gold Fields had no ongoing operations and the Company had no prior involvement in its past operations. Gold Fields is currently one of the Company's subsidiaries. The Company indemnified TXU Group with respect to certain claims relating to the historical operations of a former affiliate of Gold Fields.

Environmental claims for remediation, past costs, future costs, and/or natural resource damages have been asserted against Gold Fields related to historical activities of Gold Fields or a former affiliate. Gold Fields or the former affiliate has been named a potentially responsible party (PRP) at six national priority list sites based on the Comprehensive Environmental Response, Compensation and Liability Act (CERCLA). The most recent addition occurred in December 2015, when Gold Fields was named a PRP by the US EPA at a site near Galena, Illinois. CERCLA claims were asserted at 13 additional sites, bringing the total to 19, which have since been reduced to seven by completion of work, settlement, transfer or regulatory inactivity. The number of CERCLA sites alone is not a relevant measure of liability because the nature and extent of environmental concerns and costs varies by site, as does the estimated share of responsibility relative to other PRPs for Gold Fields or the former affiliate.

Undiscounted liabilities for environmental cleanup-related costs for all of the sites noted above were $66.9 million as of December 31, 2015 and $69.4 million as of December 31, 2014, of which $23.9 million and $19.4 million was reflected as a current liability, respectively, in the consolidated balance sheets as of those dates. These amounts represent those costs that the Company believes are probable and reasonably estimable.

Significant uncertainty exists as to whether claims will be pursued against Gold Fields or the former affiliate in all cases, and where they are pursued, the amount and timing of the eventual costs and liabilities, which could be greater or less than the liabilities recorded in the consolidated balance sheets. Changes to cost estimates associated with a particular site can occur for many reasons, including, but not limited to, the gathering of additional information at the site, the completion of the remedial design phase of the CERCLA remediation process, changes in anticipated remediation standards or labor and material costs or the reaching of a settlement agreement or consent order by the parties at the site. Based on the Company's evaluation of the issues and their potential impact, the total amount of any future loss cannot be reasonably estimated. However, based on current information, the Company believes these claims are likely to be resolved without a material adverse effect on its financial condition, results of operations or cash flows.

Other

In June 2007, the NYAG served a letter and subpoena on the Company, seeking information and documents relating to the Company's disclosure to investors of risks associated with possible climate change and related legislation and regulations. The Company believes it has made full and proper disclosure of these potential risks. In late 2013, the NYAG submitted a letter to the Company requesting additional information and documents. On November 8, 2015, the NYAG and the Company entered into an agreement pursuant to which the Company agreed to make certain disclosures concerning the issues raised by the NYAG.

In January 2013, the Securities and Exchange Commission (SEC) staff served a subpoena on the Company seeking information and documents relating to the development of Prairie State Energy Campus, a 1,600 megawatt coal-fueled electricity generation plant and adjacent coal mine in Illinois in which the Company owns a 5.06% undivided interest. The Company cooperated with the SEC's investigation and has not received any related communication from the SEC since August 2013. The Company will cooperate with the SEC, to the extent is requests any additional information in the future and will provide updated with respect to this matter as appropriate.

At times the Company becomes a party to other disputes, including those related to contract miner performance, claims, lawsuits, arbitration proceedings and administrative procedures in the ordinary course of business in the U.S., Australia and other countries where the Company does business. Based on current information, the Company believes that such other pending or threatened proceedings are likely to be resolved without a material adverse effect on its financial condition, results of operations or cash flows.

(25) Matters Related to the Bankruptcy of Patriot Coal Corporation

In 2012, Patriot filed voluntary petitions for relief under Chapter 11 of Title 11 of the U.S. Code. In 2013, the Company entered into a definitive settlement agreement (2013 Agreement) with Patriot and the UMWA, on behalf of itself, its represented Patriot employees and its represented Patriot retirees, to resolve all then disputed issues related to Patriot's bankruptcy. In May 2015, Patriot again filed voluntary petitions for relief under Chapter 11 of Title 11 of the U.S. Code in the Eastern District of Virginia and subsequently initiated a process to sell some or all of their assets to qualified bidders. On October 9, 2015, Patriot's bankruptcy court entered an order confirming Patriot's plan of reorganization, which provides, among other things, for the sale of substantially all of Patriot's assets to two different buyers.

Credit Support

As part of the 2013 Agreement, the Company has provided $121.5 million of credit support to Patriot, with $81.0 million in the form of surety bonds issued for the benefit of Patriot beneficiaries; $22.4 million in the form of letters of credit issued for the benefit of Patriot beneficiaries; and $18.1 million in the form of corporate guarantees to Patriot beneficiaries. Those surety bonds, corporate guarantees and letters of credit are excluded in the financial instruments with off-balance sheet risk table presented in Note 23. " Financial Instruments, Guarantees with Off-Balance Sheet Risk and Other Guarantees". A total of $35.3 million of the credit support relates to certain of Patriot's Coal Act obligations that a subsidiary of the Company agreed to fund at the time of the Patriot spin-off pursuant to the Coal Act Liabilities Assumption Agreement. During the year ended December 31, 2015, the Company assumed $8.5 million of underlying liabilities for which credit support was previously provided and $29.9 million of cash drawdowns were made by the beneficiaries of the financial instruments, leaving $83.1 million remaining as a liability on our condensed consolidated balance sheet as of December 31, 2015.

Due to Patriot's May 2015 bankruptcy filing, the Company recorded a net charge of $34.7 million to increase its liability related to the credit support to the estimated fair value of the portion of the credit support exposed to nonperformance by Patriot. That net charge included a $16.6 million correction of an error reflected in the year ended December 31, 2015 to derecognize a liability that had been previously recorded to the Company's historical financial statements in 2014 and 2013. The Company reflected the correction as an out-of-period adjustment because it considers the impact of the error to be immaterial quantitatively and qualitatively to the total mix of information available in the Company's 2015 and historical financial statements.

Black Lung Occupational Disease Liabilities

Patriot had federal and state black lung occupational disease liabilities related to workers employed in periods prior to Patriot's spin-off from the Company in 2007. Upon spin-off, Patriot indemnified the Company against any claim relating to these liabilities, which amounted to approximately $150 million at that time. The indemnification included any claim made by the U.S. Department of Labor (DOL) against the Company with respect to these obligations as a potentially liable operator under the Federal Coal Mine Health and Safety Act of 1969. The definitive settlement agreement reached in 2013 included Patriot's affirmance of all indemnities provided in the spin-off agreements, including the indemnity relating to such black lung liabilities.

By statute, the Company remains secondarily liable for the black lung liabilities related to Patriot's workers employed by former subsidiaries of the Company. Whether the Company will ultimately be required to fund certain of those obligations in the future as a result of Patriot's May 2015 bankruptcy remains uncertain. The Company does believe that it is probable that it will be required to fund a portion of these obligations in the future and recorded a charge to "Loss from discontinued operations, net of income taxes" of $114.4 million, net of $15.0 million previously accrued credit support related to Patriot's federal black lung obligations, during the year ended December 31, 2015. The liability recorded for black lung occupational disease liability is based on information provided by Patriot which the Company continues to evaluate. As a result of the complexity of this estimate and the limited amount of time the Company has had to evaluate the underlying data, this estimate may change in future periods. The amount of the Company's recorded liability reflects only Patriot workers employed by former subsidiaries of the Company that are presently retired, disabled or otherwise not actively employed, which the Company believes reflects the low end of the range of potential loss. The Company cannot reliably estimate the potential liabilities for Patriot's workers employed by former subsidiaries of the Company that are presently active in the workforce because of the potential for such workers to continue to work for another coal operator that is a going concern. The Company estimates that the annual cash cost to fund these potential Black Lung liabilities will range between $10 million and $15 million.

Combined Benefit Fund (Combined Fund)

The Combined Fund was created by the Coal Act in 1992 as a multi-employer plan to provide health care benefits to a closed group of retirees who last worked prior to 1976, as well as orphaned beneficiaries of bankrupt companies who were receiving benefits as orphans prior to the passage of the Coal Act. No new retirees will be added to this group, which includes retirees formerly employed by certain Patriot subsidiaries and their predecessors. Former employers are required to contribute to the Combined Fund according to a formula.

Under the terms of the Patriot spin-off, Patriot was primarily liable for the obligations of its subsidiaries to the Combined Fund, which obligations were actuarially estimated to be approximately $40 million at that time. Once Patriot ceased meeting its obligations, the Company was held responsible for these costs and, as a result, recorded a "Loss from discontinued operations, net of income taxes" charge of $24.6 million during the year ended December 31, 2015. The Company estimates that the annual cash cost to fund these potential Combined Fund liabilities will range between $2 million and $3 million in the near-term, with those premiums expected to decline over time because the fund is closed to new participants.

VEBA Payments

In connection with the 2013 agreement, the Company was required to provide total payments of $310.0 million, payable over four years through 2017, to partially fund the newly established voluntary employee beneficiary association (VEBA) and settle all Patriot and UMWA claims involving the Patriot bankruptcy. Those payments included an initial payment of $90.0 million made in January 2014, comprised of $70.0 million paid to Patriot and $20.0 million paid to the VEBA, and a payment of $75.0 million made in January 2015 to the VEBA. The 2013 Agreement also contemplated subsequent payments to be made to the VEBA of $75.0 million in 2016 and $70.0 million in 2017.

As a result of Patriot's failure to reimburse the Company for the draws on the credit support that the Company provided under the 2013 Settlement Agreement, Patriot materially breached the 2013 Agreement. The Company and the UMWA disagreed about the impact that Patriot's breaches had on the Company's future obligations under the 2013 Settlement Agreement, including the payment of the two remaining VEBA payments. Accordingly, on August 28, 2015, the Company sought to-reopen Patriot's first bankruptcy cases that were pending in the United States Bankruptcy Court for the Eastern District of Missouri (Missouri Bankruptcy Court) for the limited purpose of having the Missouri Bankruptcy Court decide this issue. The Missouri Bankruptcy Court granted the Company's motion, and the Company filed in the Missouri Bankruptcy Court a declaratory judgment action against the UMWA seeking a declaration that the Company's obligations to make the final two VEBA payments were excused as a result of Patriot's breaches of the 2013 Agreement (Missouri Declaratory Judgment Action). Patriot's appeal of the Missouri Bankruptcy Court's order was dismissed on October 26, 2015.

On October 16, 2015 the UMWA filed a motion to withdraw the reference with respect to the Missouri Declaratory Judgment Action to the United States District Court for the Eastern District of Missouri (Withdrawal Motion), with the stated intent of thereafter seeking a transfer of the case ultimately to the United States Bankruptcy Court for the Eastern District of Virginia (Virginia Bankruptcy Court) where Patriot's second bankruptcy cases are pending. On October 23, 2015, the Company filed an objection to this motion. The UMWA subsequently filed a notice of settlement and withdrawal of the Withdrawal Motion with the United States District Court for the Eastern District of Missouri.

On October 19, 2015, Patriot and the UMWA filed a declaratory judgment action in the Virginia Bankruptcy Court (Virginia Declaratory Judgment Action) against the Company and one of its subsidiaries seeking, among other things, a declaration that the Company must make the remaining two VEBA payments notwithstanding Patriot's breach of the 2013 Agreement. On November 3, 2015, Patriot and the UMWA filed a motion for a preliminary and permanent injunction to prevent the Company from proceeding with the Missouri Declaratory Judgment Action (Injunction Motion). On November 4, 2015, the Company filed a motion to dismiss the Virginia Declaratory Judgment Action for lack of subject matter jurisdiction or, in the alternative, to transfer it to the Missouri Bankruptcy Court. On December 2, 2015, the Virginia Bankruptcy Court denied the Injunction Motion and deferred ruling on the Company's motion to dismiss the Virginia Declaratory Judgment Action.

The parties agreed to a settlement of the Company's obligations for payment of the remaining VEBA payments, which was approved by the Missouri Bankruptcy Court on January 5, 2016 and the Virginia Bankruptcy Court on January 6, 2016. Under this settlement, the Company agreed to pay $75 million to the VEBA, payable in equal monthly installments of $7.5 million beginning on January 4, 2016. The remaining monthly installments will be made at the beginning of each successive month ending October 2016. These monthly VEBA payments will terminate early if VEBA participants can receive healthcare benefits that are reasonably similar to or greater than healthcare benefits provided under VEBA as a result of new legislation.

Retiree Health Care Obligations for Certain Salaried Patriot Personnel

In connection with the 2007 spin-off of Patriot from the Company, the Company and one of its subsidiaries entered into a Salaried Employee Liabilities Assumption Agreement ("SELAA") pursuant to which its subsidiary agreed fund the healthcare benefits that Patriot was obligated to provide for a group of Patriot's salaried retirees and accounts for the related liabilities within continuing operations. On October 9, 2015, Patriot's bankruptcy court entered an order approving a stipulation and settlement among the Company and its subsidiary, Patriot and its affiliates and the Official Committee of Retirees in Patriot's second chapter 11 cases (on behalf of itself and the retirees that it represented), pursuant to which, among other things, (i) the SELAA terminated as of October 31, 2015; (ii) the Company and its subsidiary agreed to pay a total of $16.1 million in five annual installments to a VEBA to be established by the Official Committee of Retirees; (iii) the Company agreed to pay $100,000 to the VEBA for its start-up and administrative costs; and (iv) the parties exchanged mutual releases. The Company reduced its obligations to match the payments to the VEBA, with the difference accounted for as negative plan amendment and the corresponding prior service credit to be amortized over the same four-year period the payments to the VEBA will occur.

UMWA 1974 Pension Plan (Plan) Litigation

On July 16, 2015, a lawsuit was filed by the Plan, the UMWA 1974 Pension Trust (Trust) and the Trustees of the Plan and Trust (Trustees) in the United States District Court for the District of Columbia, against the Company, PHC, a subsidiary of the Company, and Arch Coal, Inc. (Arch). The plaintiffs are seeking, pursuant to ERISA and the Multiemployer Pension Plan Amendments Act of 1980 (MPPAA), a declaratory judgment that the defendants are obligated to arbitrate any opposition to the Trustees' determination that the defendants have statutory withdrawal liability as a result of the 2015 Patriot bankruptcy. The plaintiffs' July lawsuit claimed that the defendants' withdrawal liability will result in at least $767 million owed to the Plan. On October 29, 2015, the plaintiffs filed an amended complaint, alleging that the plaintiffs had determined that Peabody has $644.2 million and Arch has $299.8 million in withdrawal liabilities to the 1974 Pension Plan.

Also on October 29, 2015, the Trustees issued a withdrawal liability assessment against the Company in the amount of $644.2 million ("October 29 Assessment"). The Trustees claim that a principal purpose of the Company's 2007 spin-off of Patriot was to "evade or avoid" withdrawal liability to the Plan, and they assert that the Company is therefore liable for Patriot's withdrawal from the Plan due to Patriot terminating certain collective bargaining agreements with the UMWA eight years later, during its current bankruptcy proceeding. The October 29 Assessment does not contain the payment schedule required by ERISA. Instead, the Trustees assert that the Company was in default on the $644.2 million liability assessment as of the moment it was assessed. The Company and PHC dispute this withdrawal liability claim -- including the notion that the Company could be in default on the withdrawal liability assessment prior to being given an opportunity to make any payments on the assessment -- and are vigorously defending their positions.

ERISA provides a process to adjudicate withdrawal liability disputes, which consists of administrative review by the Plan followed by arbitration, after which either side can appeal to the appropriate United States district court. The Company and PHC have been dismissed from the lawsuit and have agreed with the plaintiffs to arbitrate the dispute pursuant to the arbitration process. Because more than five years have elapsed since the spin-off, the Company is exempt from making any payments toward the October 29 Assessment unless and until an arbitrator issues a final decision in favor of the Trustees on the "evade or avoid" theory of liability. The Company also anticipates that during arbitration it will receive a decision on the legality of the Fund's determination that the Company was in default. The Company anticipates that as a consequence of such decision, the Fund will be required to issue a payment schedule setting forth the annual payments required to pay the alleged withdrawal liability over time. On January 26, 2016, the Company took the first step of the adjudication process by requesting administrative review of the October 29 Assessment. If the Fund fails to respond to the Company's request for review within 120 days, or if the Company disagrees with the results of the Fund's review, then the Company will initiate arbitration. If the proceeding is ongoing in January 2017, the Company will be required to post a bond or an escrow of approximately $18.8 million until the decision is final. The bond would remain in place until an arbitration decision is reached on the underlying withdrawal liability issue. If it is decided in the Company's favor, the Company will not owe any amounts to the Plan.

(26) Summary of Quarterly Financial Information (Unaudited)

A summary of the unaudited quarterly results of operations for the years ended December 31, 2015 and 2014 is presented below.

	Year Ended December 31, 2015			
	First Quarter	Second Quarter	Third Quarter	Fourth Quarter
	(In millions, except per share data)			
Revenues	$ 1,537.9	$ 1,339.3	$ 1,418.9	$ 1,313.1
Operating profit (loss)	2.2	(975.8)	(20.4)	(470.8)
Loss from continuing operations, net of income taxes	(164.4)	(1,007.2)	(144.4)	(497.9)
Net loss	(173.3)	(1,043.5)	(301.9)	(470.2)
Net loss attributable to common stockholders	(176.6)	(1,045.3)	(304.7)	(469.4)
Basic and diluted EPS — continuing operations(1)	$ (9.31)	$ (55.59)	$ (8.08)	$ (27.28)
Weighted average shares used in calculating basic and diluted EPS	18.0	18.2	18.2	18.2

(1) EPS for the quarters may not sum to the amounts for the year as each period is computed on a discrete basis.

Operating loss for the fourth quarter of 2015 reflected $377.0 million of asset impairment costs. Operating loss for the second quarter of 2015 included $900.8 million of asset impairment costs and $21.2 million of restructuring and pension settlement charges. Loss from continuing operations for the first and second quarter of 2015 included losses on early debt extinguishment of $59.5 million and $8.3 million, respectively. Loss from continuing operations, net of income taxes for the first, third, and fourth quarters of 2015 included benefits (expenses) related to the remeasurement of foreign income tax accounts of $0.2 million, $0.8 million and $(0.5) million, respectively. Loss from continuing operations, net of income taxes, for the second quarter and fourth quarter of 2015 included a tax benefit related to asset impairment of $67.4 million and $7.9 million, respectively. Loss from continuing operations, net of income taxes, for the fourth quarter of 2015 included an increase in valuation allowance on certain U.S. deferred tax assets of $177.0 million. Loss from discontinued operations, net of income taxes, for the third quarter of 2015 included $155.1 million of Patriot bankruptcy related charges associated with black lung liabilities and the UMWA Combined Benefit Fund. Loss from discontinued operations, net of income taxes, for the second quarter of 2015 reflected a $34.7 million charge, net of taxes, related to adverse changes in the fair value of credit support provided to Patriot. Loss from discontinued operations for the first quarter of 2015 included a contingent loss accrual of $7.6 million associated with the QBH litigation.

	Year Ended December 31, 2014			
	First Quarter	Second Quarter	Third Quarter	Fourth Quarter
	(In millions, except per share data)			
Revenues	$ 1,626.8	$ 1,758.0	$ 1,722.9	$ 1,684.5
Operating profit (loss)	2.9	32.8	36.2	(207.0)
Loss from continuing operations, net of income taxes	(44.3)	(72.0)	(154.0)	(478.8)
Net loss	(44.1)	(71.2)	(149.0)	(513.0)
Net loss attributable to common stockholders	(48.5)	(73.3)	(150.6)	(514.6)
Basic and diluted EPS — continuing operations(1)	$ (2.74)	$ (4.16)	$ (8.72)	$ (26.88)
Weighted average shares used in calculating basic and diluted EPS	17.9	17.9	17.9	17.9

(1) EPS for the quarters may not sum to the amounts for the year as each period is computed on a discrete basis.

Revenues for the second quarter of 2014 included $43.2 million of additional contract revenue, resulting from finalized pricing under a customer sales agreement. Operating loss for the fourth quarter of 2014 reflected $154.4 million of asset impairment costs. Operating loss for the fourth quarter of 2014 also included $26.0 million of restructuring and pension settlement charges and a deferred tax asset valuation allowance charge related to an equity affiliate of $52.3 million. Operating profit for the first quarter of 2014 included a charge of $15.6 million related to an adverse judgment in an arbitration proceeding. Loss from continuing operations for the third quarter of 2014 reflected $10.6 million of interest charges related to litigation. Loss from continuing operations for the second quarter of 2014 included $1.6 million of third-party fees related to the debentures consent solicitation. Loss from continuing operations, net of income taxes for the first, second, third and fourth quarters of 2014 included benefits (expenses) related to the remeasurement of foreign income tax accounts of $1.4 million, $1.3 million, $1.2 million and $(1.2) million, respectively. Loss from continuing operations, net of income taxes for the third quarter of 2014 reflected a $70.1 million write-off of a net deferred tax asset due to the repeal of the Australian Minerals and Resource Rent Tax in that period (which included $54.0 million of royalty allowance credits recognized during the first half of 2014). Loss from continuing operations, net of income taxes for the first, second, third and fourth quarters of 2014 also reflected respective increases in valuation allowance on certain Australian deferred tax assets of $42.6 million, $75.7 million, $80.6 million and $90.4 million. Loss from continuing operations, net of income taxes, for the fourth quarter of 2014 included an increase in valuation allowance on certain U.S. deferred tax assets of $280.1 million. Loss from discontinued operations, net of income taxes, for the fourth quarter of 2014 reflected a $34.1 million charge, net of tax, related to an adverse change in the fair value of credit support provided to Patriot.

(27) Segment and Geographic Information

During the second quarter of 2015, the Company elected a new chief executive officer, who is also considered the Company's chief operating decision maker (CODM). Due to that change, the Company updated its reportable segments to reflect the manner in which its new CODM views the Company's businesses for purposes of reviewing performance, allocating resources and assessing future prospects and strategic execution. The Company now reports its results of operations primarily through the following reportable segments: "Powder River Basin Mining," “Midwestern U.S. Mining," “Western U.S. Mining,” “Australian Metallurgical Mining," "Australian Thermal Mining," “Trading and Brokerage” and “Corporate and Other.” Periods presented in this note have been recast for comparability.

The principal business of the Company's mining segments in the U.S. is the mining, preparation and sale of thermal coal, sold primarily to electric utilities in the U.S. under long-term contracts, with a portion sold into the seaborne markets as market conditions warrant. The Company's Powder River Basin Mining operations consist of its mines in Wyoming. The mines in that segment are characterized by surface mining extraction processes, coal with a lower sulfur content and Btu and higher customer transportation costs (due to longer shipping distances). The Company's Midwestern U.S. Mining operations reflect the Company’s Illinois and Indiana mining operations, which are characterized by a mix of surface and underground mining extraction processes, coal with a higher sulfur content and Btu and lower customer transportation costs (due to shorter shipping distances). The Company's Western U.S. Mining operations reflect the aggregation of the New Mexico, Arizona and Colorado mining operations. The mines in that segment are characterized by a mix of surface and underground mining extraction processes, coal with a lower sulfur content and Btu and generally higher customer transportation costs (due to longer shipping distances). Geologically, the Company's Powder River Basin Mining operations mine sub-bituminous coal deposits, its Midwestern U.S. Mining operations mine bituminous coal deposits and its Western operations mine both bituminous and sub-bituminous coal deposits.

The business of the Company's Australian operating platform is primarily export focused with customers spread across several countries, while a portion of the coal is sold within Australia. Generally, revenues from individual countries vary year by year based on electricity demand, the strength of the global economy, governmental policies and several other factors, including those specific to each country. The Company's Australian Metallurgical Mining operations consist of mines in Queensland and New South Wales, Australia. The mines in that segment are characterized by both surface and underground extraction processes used to mine various qualities of metallurgical coal (low-sulfur, high Btu coal). The metallurgical coal qualities include hard coking coal, semi-hard coking coal, semi-soft coal and pulverized coal injection coal. The Company's Australian Thermal Mining operations predominantly consist of mines in New South Wales, Australia. The mines in that segment are characterized by both surface and underground extraction processes used to mine low-sulfur, high Btu thermal coal. The Company classifies its Australian mines within the Australian Metallurgical Mining or Australian Thermal Mining segments based on the primary customer base and coal reserve type of each mining operation. A small portion of the coal mined by the Australian Metallurgical Mining segment is of a thermal grade. Similarly, a small portion of the coal mined by the Australian Thermal Mining segment is of a metallurgical grade. Additionally, the Company may market some of its metallurgical coal products as a thermal coal product from time to time depending on market conditions.

The Company's Trading and Brokerage segment engages in the direct and brokered trading of coal and freight-related contracts through the trading and business offices. Coal brokering is conducted both as principal and agent in support of various coal production-related activities that may involve coal produced from the Company's mines, coal sourcing arrangements with third-party mining companies or offtake agreements with other coal producers. The Trading and Brokerage segment also provides transportation-related services, which involves both financial derivative contracts and physical contracts. Collectively, coal and freight-related hedging activities include both economic hedging and, from time to time, cash flow hedging in support of the Company's coal trading strategy.

The Company's Corporate and Other segment includes selling and administrative expenses, corporate hedging activities, mining and export/transportation joint ventures, restructuring charges and activities associated with the optimization of coal reserve and real estate holdings, minimum charges on certain transportation-related contracts, the closure of inactive mining sites and certain energy-related commercial matters.

The Company's CODM uses Adjusted EBITDA as the primary metric to measure the segments' operating performance. Adjusted EBITDA is defined as (loss) income from continuing operations before deducting net interest expense, income taxes, asset retirement obligation expense, depreciation, depletion and amortization, asset impairment and mine closure costs, charges for the settlement of claims and litigation related to previously divested operations and changes in deferred tax asset valuation allowance and amortization of basis difference related to equity affiliates. Adjusted EBITDA 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.

Segment results for the year ended December 31, 2015 were as follows:

	Powder River Basin Mining	Midwestern U.S. Mining	Western U.S. Mining	Australian Metallurgical Mining	Australian Thermal Mining	Trading and Brokerage	Corporate and Other	Consolidated
	(Dollars in millions)							
Revenues	$ 1,865.9	$ 981.2	$ 682.3	$ 1,181.9	$ 823.5	$ 42.8	$ 31.6	$ 5,609.2
Adjusted EBITDA	482.9	269.7	184.6	(18.2)	193.6	27.0	(705.0)	434.6
Additions to property, plant, equipment and mine development	15.0	51.3	19.3	25.5	13.6	—	2.1	126.8
Federal coal lease expenditures	276.9	—	0.3	—	—	—	—	277.2
Loss from equity affiliates	—	—	—	—	—	—	15.9	15.9

PEABODY ENERGY CORPORATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

Segment results for the year ended December 31, 2014 were as follows:

	Powder River Basin Mining	Midwestern U.S. Mining	Western U.S. Mining	Australian Metallurgical Mining	Australian Thermal Mining	Trading and Brokerage	Corporate and Other	Consolidated
	(Dollars in millions)							
Revenues	$ 1,922.9	$ 1,198.1	$ 902.8	$ 1,613.8	$ 1,058.0	$ 58.4	$ 38.2	$ 6,792.2
Adjusted EBITDA	509.0	306.9	266.9	(151.1)	264.1	14.9	(396.7)	814.0
Additions to property, plant, equipment and mine development	19.7	57.4	18.2	53.9	30.2	—	15.0	194.4
Federal coal lease expenditures	276.5	—	0.2	—	—	—	—	276.7
Loss from equity affiliates	—	—	—	—	—	—	107.6	107.6

Segment results for the year ended December 31, 2013 were as follows:

	Powder River Basin Mining	Midwestern U.S. Mining	Western U.S. Mining	Australian Metallurgical Mining	Australian Thermal Mining	Trading and Brokerage	Corporate and Other	Consolidated
	(Dollars in millions)							
Revenues	$ 1,767.3	$ 1,335.5	$ 902.3	$ 1,773.4	$ 1,131.2	$ 66.0	$ 38.0	$ 7,013.7
Adjusted EBITDA	435.4	426.0	258.0	(120.0)	270.0	(19.9)	(202.3)	1,047.2
Additions to property, plant, equipment and mine development	15.8	27.2	32.2	165.7	64.6	0.1	22.8	328.4
Federal coal lease expenditures	276.5	—	0.3	—	—	—	—	276.8
Loss from equity affiliates	—	—	—	—	—	—	40.2	40.2

Asset details are reflected at the division level only for the Company's mining segments and are not allocated between each individual segment as such information is not regularly reviewed by the Company's CODM. Further, some assets service more than one segment within the division and an allocation of such assets would not be meaningful or representative on a segment by segment basis.

Assets as of December 31, 2015 were as follows:

	U.S. Mining	Australian Mining	Trading and Brokerage	Corporate and Other	Consolidated
			(Dollars in millions)		
Total assets	$ 4,180.2	$ 5,319.9	$ 217.2	$ 1,304.0	$ 11,021.3
Property, plant, equipment and mine development, net	3,854.5	4,469.6	0.5	933.9	9,258.5

Assets as of December 31, 2014 were as follows:

	U.S. Mining	Australian Mining	Trading and Brokerage	Corporate and Other	Consolidated
			(Dollars in millions)		
Total assets	$ 4,099.1	$ 6,623.9	$ 300.7	$ 2,167.4	$ 13,191.1
Property, plant, equipment and mine development, net	3,739.9	5,503.7	1.1	1,332.6	10,577.3

Assets as of December 31, 2013 were as follows:

	U.S. Mining	Australian Mining	Trading and Brokerage	Corporate and Other	Consolidated
			(Dollars in millions)		
Total assets	$ 4,024.4	$ 7,081.2	$ 389.6	$ 2,638.2	$ 14,133.4
Property, plant, equipment and mine development, net	3,654.4	5,947.1	1.8	1,479.2	11,082.5

A reconciliation of Adjusted EBITDA to consolidated loss from continuing operations, net of income taxes follows:

	Year Ended December 31,		
	2015	2014	2013
		(Dollars in millions)	
Total Adjusted EBITDA	$ 434.6	$ 814.0	$ 1,047.2
Depreciation, depletion and amortization	(572.2)	(655.7)	(740.3)
Asset retirement obligation expenses	(45.5)	(81.0)	(66.5)
Asset impairment	(1,277.8)	(154.4)	(528.3)
Settlement charges related to the Patriot bankruptcy reorganization	—	—	(30.6)
Change in deferred tax asset valuation allowance related to equity affiliates	1.0	(52.3)	—
Amortization of basis difference related to equity affiliates	(4.9)	(5.7)	(6.3)
Interest expense	(533.2)	(428.2)	(425.2)
Interest income	7.7	15.4	15.7
Income tax benefit (provision)	176.4	(201.2)	448.3
Loss from continuing operations, net of income taxes	$ (1,813.9)	$ (749.1)	$ (286.0)

The following table presents revenues as a percent of total revenue from external customers by geographic region:

	Year Ended December 31,		
	2015	2014	2013
U.S.	57.4%	59.5%	61.1%
Japan	8.1%	9.5%	9.8%
China	7.1%	6.1%	10.2%
South Korea	4.1%	5.2%	3.8%
Other	23.3%	19.7%	15.1%
Total	100.0%	100.0%	100.0%

The Company attributes revenue to individual countries based on the location of the physical delivery of the coal.

(28) Supplemental Guarantor/Non-Guarantor Financial Information

In accordance with the indentures governing the Senior Notes, certain 100% owned U.S. subsidiaries of the Company (each, a Guarantor Subsidiary) have fully and unconditionally guaranteed the Senior Notes, on a joint and several basis. The indentures governing the Senior Notes contain customary exceptions under which a guarantee of a Guarantor Subsidiary will terminate, including (a) the release or discharge of the guarantee of the Company's 2013 Credit Facility by such Guarantor Subsidiary, except a discharge or release by or as a result of payment under such guarantee, (b) a sale or other disposition, by way of merger, consolidation or otherwise, of all of the capital stock of such Guarantor Subsidiary, and (c) the legal defeasance or discharge of the indentures. Separate financial statements and other disclosures concerning the Guarantor Subsidiaries are not presented because management believes that such information is not material to the holders of the Senior Notes. The following historical financial statement information is provided for the Guarantor/Non-Guarantor Subsidiaries.

PEABODY ENERGY CORPORATION
SUPPLEMENTAL CONDENSED CONSOLIDATING STATEMENTS OF OPERATIONS

	Year Ended December 31, 2015				
	Parent Company	Guarantor Subsidiaries	Non-Guarantor Subsidiaries	Eliminations	Consolidated
	(Dollars in millions)				
Total revenues	$ —	$ 3,443.0	$ 2,215.3	$ (49.1)	$ 5,609.2
Costs and expenses					
Operating costs and expenses (exclusive of items shown separately below)	436.6	2,618.4	2,001.8	(49.1)	5,007.7
Depreciation, depletion and amortization	—	281.3	290.9	—	572.2
Asset retirement obligation expenses	—	17.2	28.3	—	45.5
Selling and administrative expenses	32.1	132.6	11.7	—	176.4
Restructuring and pension settlement charges	(3.9)	11.4	16.0	—	23.5
Other operating (income) loss:					
Net gain on disposal of assets	(2.3)	(29.4)	(13.3)	—	(45.0)
Asset impairment	—	308.6	969.2	—	1,277.8
Loss from equity affiliates and investment in subsidiaries	933.9	6.9	9.0	(933.9)	15.9
Interest expense	468.4	8.7	24.7	(36.4)	465.4
Loss on early debt extinguishment	67.8	—	—	—	67.8
Interest income	(14.0)	(11.9)	(18.2)	36.4	(7.7)
(Loss) income from continuing operations before income taxes	(1,918.6)	99.2	(1,104.8)	933.9	(1,990.3)
Income tax (benefit) provision	(87.4)	(108.2)	19.2	—	(176.4)
(Loss) income from continuing operations, net of income taxes	(1,831.2)	207.4	(1,124.0)	933.9	(1,813.9)
(Loss) income from discontinued operations, net of income taxes	(164.8)	1.6	(11.8)	—	(175.0)
Net (loss) income	(1,996.0)	209.0	(1,135.8)	933.9	(1,988.9)
Less: Net income attributable to noncontrolling interests	—	—	7.1	—	7.1
Net (loss) income attributable to common stockholders	$ (1,996.0)	$ 209.0	$ (1,142.9)	$ 933.9	$ (1,996.0)

PEABODY ENERGY CORPORATION
SUPPLEMENTAL CONDENSED CONSOLIDATING STATEMENTS OF OPERATIONS

	Year Ended December 31, 2014				
	Parent Company	Guarantor Subsidiaries	Non-Guarantor Subsidiaries	Eliminations	Consolidated
	(Dollars in millions)				
Total revenues	$ —	$ 3,964.8	$ 2,902.1	$ (74.7)	$ 6,792.2
Costs and expenses					
Operating costs and expenses (exclusive of items shown separately below)	49.6	2,927.3	2,814.7	(74.7)	5,716.9
Depreciation, depletion and amortization	—	310.4	345.3	—	655.7
Asset retirement obligation expenses	—	25.3	55.7	—	81.0
Selling and administrative expenses	46.8	161.1	19.2	—	227.1
Restructuring and pension settlement charges	—	23.8	2.2	—	26.0
Other operating (income) loss:					
Net gain on disposal of assets	—	(18.5)	(22.9)	—	(41.4)
Asset impairment	4.7	71.1	78.6	—	154.4
Loss from equity affiliates and investment in subsidiaries	431.1	6.6	101.0	(431.1)	107.6
Interest expense	423.1	6.4	34.6	(37.5)	426.6
Loss on early debt extinguishment	1.6	—	—	—	1.6
Interest income	(15.3)	(10.3)	(27.3)	37.5	(15.4)
(Loss) income from continuing operations before income taxes	(941.6)	461.6	(499.0)	431.1	(547.9)
Income tax (benefit) provision	(186.2)	316.7	70.7	—	201.2
(Loss) income from continuing operations, net of income taxes	(755.4)	144.9	(569.7)	431.1	(749.1)
(Loss) income from discontinued operations, net of income taxes	(31.6)	(7.2)	10.6	—	(28.2)
Net (loss) income	(787.0)	137.7	(559.1)	431.1	(777.3)
Less: Net income attributable to noncontrolling interests	—	—	9.7	—	9.7
Net (loss) income attributable to common stockholders	$ (787.0)	$ 137.7	$ (568.8)	$ 431.1	$ (787.0)

PEABODY ENERGY CORPORATION
SUPPLEMENTAL CONDENSED CONSOLIDATING STATEMENTS OF OPERATIONS

	Year Ended December 31, 2013				
	Parent Company	Guarantor Subsidiaries	Non-Guarantor Subsidiaries	Eliminations	Consolidated
	(Dollars in millions)				
Total revenues	$ —	$ 4,027.9	$ 3,230.3	$ (244.5)	$ 7,013.7
Costs and expenses					
Operating costs and expenses (exclusive of items shown separately below)	(173.6)	3,471.7	2,675.5	(244.5)	5,729.1
Depreciation, depletion and amortization	—	329.4	410.9	—	740.3
Asset retirement obligation expenses	—	33.3	33.2	—	66.5
Selling and administrative expenses	50.9	167.9	25.4	—	244.2
Restructuring and pension settlement charges	—	11.9	—	—	11.9
Other operating (income) loss:					
Net gain on disposal of assets	—	(52.6)	—	—	(52.6)
Asset impairment	21.5	6.5	500.3	—	528.3
Settlement charges related to the Patriot bankruptcy reorganization	30.6	—	—	—	30.6
Loss from equity affiliates and investment in subsidiaries	272.5	8.3	31.9	(272.5)	40.2
Interest expense	403.9	244.5	169.0	(409.1)	408.3
Loss on early debt extinguishment	16.9	—	—	—	16.9
(Gain) loss from extinguishment of affiliate debt	—	(155.5)	155.5	—	—
Interest income	(79.6)	(311.6)	(33.6)	409.1	(15.7)
Unrealized loss (gain) on derivatives	—	34.0	(34.0)	—	—
(Loss) income from continuing operations before income taxes	(543.1)	240.1	(703.8)	272.5	(734.3)
Income tax benefit	(92.2)	(110.9)	(245.2)	—	(448.3)
(Loss) income from continuing operations, net of income taxes	(450.9)	351.0	(458.6)	272.5	(286.0)
Loss from discontinued operations, net of income taxes	(74.0)	(5.6)	(147.0)	—	(226.6)
Net (loss) income	(524.9)	345.4	(605.6)	272.5	(512.6)
Less: Net income attributable to noncontrolling interests	—	—	12.3	—	12.3
Net (loss) income attributable to common stockholders	$ (524.9)	$ 345.4	$ (617.9)	$ 272.5	$ (524.9)

PEABODY ENERGY CORPORATION

SUPPLEMENTAL CONDENSED CONSOLIDATING STATEMENTS OF COMPREHENSIVE INCOME

	Year Ended December 31, 2015				
	Parent Company	Guarantor Subsidiaries	Non-Guarantor Subsidiaries	Eliminations	Consolidated
	(Dollars in millions)				
Net (loss) income	$ (1,996.0)	$ 209.0	$ (1,135.8)	$ 933.9	$ (1,988.9)
Other comprehensive income (loss), net of income taxes:					
Net change in unrealized losses on available-for-sale securities (net of $0.1 tax benefit)	—	—	—	—	—
Net unrealized gains (losses) on cash flow hedges (net of $72.2 tax provision)					
(Decrease) increase in fair value of cash flow hedges	(137.1)	—	5.8	—	(131.3)
Reclassification for realized losses (gains) included in net (loss) income	292.1	—	(40.4)	—	251.7
Net unrealized gains (losses) on cash flow hedges	155.0	—	(34.6)	—	120.4
Postretirement plans and workers' compensation obligations (net of $36.2 tax provision)					
Prior service credit for the period	—	10.4	—	—	10.4
Net actuarial gain for the period	5.5	12.6	—	—	18.1
Amortization of actuarial loss (gain) and prior service cost included in net (loss) income	7.2	36.6	(11.9)	—	31.9
Postretirement plans and workers' compensation obligations	12.7	59.6	(11.9)	—	60.4
Foreign currency translation adjustment	—	—	(34.9)	—	(34.9)
Other comprehensive loss from investment in subsidiaries	(21.8)	—	—	21.8	—
Other comprehensive income (loss), net of income taxes	145.9	59.6	(81.4)	21.8	145.9
Comprehensive (loss) income	(1,850.1)	268.6	(1,217.2)	955.7	(1,843.0)
Less: Comprehensive income attributable to noncontrolling interests	—	—	7.1	—	7.1
Comprehensive (loss) income attributable to common stockholders	$ (1,850.1)	$ 268.6	$ (1,224.3)	$ 955.7	$ (1,850.1)

PEABODY ENERGY CORPORATION

SUPPLEMENTAL CONDENSED CONSOLIDATING STATEMENTS OF COMPREHENSIVE INCOME

	Year Ended December 31, 2014				
	Parent Company	Guarantor Subsidiaries	Non-Guarantor Subsidiaries	Eliminations	Consolidated
	(Dollars in millions)				
Net (loss) income	$ (787.0)	$ 137.7	$ (559.1)	$ 431.1	$ (777.3)
Other comprehensive loss, net of income taxes:					
Net change in unrealized losses on available-for-sale securities (net of $0.5 tax benefit)					
Unrealized holding losses on available-for-sale securities	(3.7)	—	—	—	(3.7)
Reclassification for realized losses included in net (loss) income	2.9	—	—	—	2.9
Net change in unrealized losses on available-for-sale securities	(0.8)	—	—	—	(0.8)
Net unrealized losses on cash flow hedges (net of $54.6 tax benefit)					
(Decrease) increase in fair value of cash flow hedges	(225.9)	—	30.9	—	(195.0)
Reclassification for realized losses (gains) included in net (loss) income	31.3	—	(41.5)	—	(10.2)
Net unrealized losses on cash flow hedges	(194.6)	—	(10.6)	—	(205.2)
Postretirement plans and workers' compensation obligations (net of $10.3 tax benefit)					
Prior service credit for the period	—	11.4	—	—	11.4
Net actuarial (loss) gain for the period	—	(150.2)	7.5	—	(142.7)
Amortization of actuarial loss (gain) and prior service cost included in net (loss) income	—	35.5	(2.8)	—	32.7
Postretirement plans and workers' compensation obligations	—	(103.3)	4.7	—	(98.6)
Foreign currency translation adjustment	—	—	(41.0)	—	(41.0)
Other comprehensive loss from investment in subsidiaries	(150.2)	—	—	150.2	—
Other comprehensive loss, net of income taxes	(345.6)	(103.3)	(46.9)	150.2	(345.6)
Comprehensive (loss) income	(1,132.6)	34.4	(606.0)	581.3	(1,122.9)
Less: Comprehensive income attributable to noncontrolling interests	—	—	9.7	—	9.7
Comprehensive (loss) income attributable to common stockholders	$ (1,132.6)	$ 34.4	$ (615.7)	$ 581.3	$ (1,132.6)

PEABODY ENERGY CORPORATION

SUPPLEMENTAL CONDENSED CONSOLIDATING STATEMENTS OF COMPREHENSIVE INCOME

	Year Ended December 31, 2013				
	Parent Company	Guarantor Subsidiaries	Non-Guarantor Subsidiaries	Eliminations	Consolidated
	(Dollars in millions)				
Net (loss) income	$ (524.9)	$ 345.4	$ (605.6)	$ 272.5	$ (512.6)
Other comprehensive (loss) income, net of income taxes:					
Net change in unrealized gains (losses) on available-for-sale securities (net of $0.5 tax provision)					
Unrealized holding losses on available-for-sale securities	(12.2)	—	(0.1)	—	(12.3)
Reclassification for realized losses (gains)included in net (loss) income	13.0	—	(0.2)	—	12.8
Net change in unrealized gains (losses) on available-for-sale securities	0.8	—	(0.3)	—	0.5
Net unrealized losses on cash flow hedges (net of $300.0 tax benefit)					
(Decrease) increase in fair value of cash flow hedges	(368.4)	—	34.8	—	(333.6)
Reclassification for realized gains included in net (loss) income	(109.0)	—	(100.6)	—	(209.6)
Net unrealized losses on cash flow hedges	(477.4)	—	(65.8)	—	(543.2)
Postretirement plans and workers' compensation obligations (net of $121.7 tax provision)					
Prior service cost for the period	—	(1.4)	—	—	(1.4)
Net actuarial gain for the period	—	103.8	7.1	—	110.9
Amortization of actuarial loss (gain) and prior service cost included in net (loss) income	—	95.8	(0.1)	—	95.7
Postretirement plans and workers' compensation obligations	—	198.2	7.0	—	205.2
Foreign currency translation adjustment	—	—	(92.7)	—	(92.7)
Other comprehensive income from investment in subsidiaries	46.4	—	—	(46.4)	—
Other comprehensive (loss) income, net of income taxes	(430.2)	198.2	(151.8)	(46.4)	(430.2)
Comprehensive (loss) income	(955.1)	543.6	(757.4)	226.1	(942.8)
Less: Comprehensive income attributable to noncontrolling interests	—	—	12.3	—	12.3
Comprehensive (loss) income attributable to common stockholders	$ (955.1)	$ 543.6	$ (769.7)	$ 226.1	$ (955.1)

PEABODY ENERGY CORPORATION

SUPPLEMENTAL CONDENSED CONSOLIDATING BALANCE SHEETS

	December 31, 2015				
	Parent Company	Guarantor Subsidiaries	Non-Guarantor Subsidiaries	Reclassifications/ Eliminations	Consolidated
	(Dollars in millions)				
Assets					
Current assets					
Cash and cash equivalents	$ 7.2	$ 0.3	$ 253.8	$ —	$ 261.3
Accounts receivable, net	—	8.7	220.1	—	228.8
Receivables from affiliates, net	582.1	—	121.1	(703.2)	—
Inventories	—	153.7	154.1	—	307.8
Assets from coal trading activities, net	—	3.2	20.3	—	23.5
Deferred income taxes	—	65.3	—	(11.8)	53.5
Other current assets	78.6	127.9	296.6	—	503.1
Total current assets	667.9	359.1	1,066.0	(715.0)	1,378.0
Property, plant, equipment and mine development, net	—	4,722.9	4,535.6	—	9,258.5
Deferred income taxes	—	33.1	—	(30.9)	2.2
Investments and other assets	8,495.1	3.7	185.4	(8,301.6)	382.6
Notes receivable from affiliates, net	—	1,665.8	—	(1,665.8)	—
Total assets	$ 9,163.0	$ 6,784.6	$ 5,787.0	$ (10,713.3)	$ 11,021.3
Liabilities and Stockholders' Equity					
Current liabilities					
Current portion of long-term debt	$ 5,899.5	$ 23.2	$ 7.7	$ —	$ 5,930.4
Payables to affiliates, net	—	703.2	—	(703.2)	—
Deferred income taxes	11.8	—	3.8	(11.8)	3.8
Liabilities from coal trading activities, net	—	4.8	10.8	—	15.6
Accounts payable and accrued expenses	494.8	527.2	420.5	—	1,442.5
Total current liabilities	6,406.1	1,258.4	442.8	(715.0)	7,392.3
Long-term debt, less current portion	385.2	—	—	—	385.2
Deferred income taxes	98.6	—	1.4	(30.9)	69.1
Notes payable to affiliates, net	1,032.6	—	633.2	(1,665.8)	—
Other noncurrent liabilities	323.6	1,588.6	344.0	—	2,256.2
Total liabilities	8,246.1	2,847.0	1,421.4	(2,411.7)	10,102.8
Peabody Energy Corporation stockholders' equity	916.9	3,937.6	4,364.0	(8,301.6)	916.9
Noncontrolling interests	—	—	1.6	—	1.6
Total stockholders' equity	916.9	3,937.6	4,365.6	(8,301.6)	918.5
Total liabilities and stockholders' equity	$ 9,163.0	$ 6,784.6	$ 5,787.0	$ (10,713.3)	$ 11,021.3

PEABODY ENERGY CORPORATION

SUPPLEMENTAL CONDENSED CONSOLIDATING BALANCE SHEETS

	December 31, 2014				
	Parent Company	Guarantor Subsidiaries	Non-Guarantor Subsidiaries	Reclassifications/ Eliminations	Consolidated
	(Dollars in millions)				
Assets					
Current assets					
Cash and cash equivalents	$ 188.7	$ 1.2	$ 108.1	$ —	$ 298.0
Accounts receivable, net	—	14.5	548.6	—	563.1
Receivables from affiliates, net	258.4	—	105.9	(364.3)	—
Inventories	—	191.8	214.7	—	406.5
Assets from coal trading activities, net	—	53.8	3.8	—	57.6
Deferred income taxes	64.5	8.6	6.9	—	80.0
Other current assets	—	44.5	261.3	—	305.8
Total current assets	511.6	314.4	1,249.3	(364.3)	1,711.0
Property, plant, equipment and mine development, net	—	5,005.2	5,572.1	—	10,577.3
Deferred income taxes	—	8.2	—	(7.5)	0.7
Investments and other assets	10,209.4	4.0	621.6	(9,932.9)	902.1
Notes receivable from affiliates, net	—	1,655.7	—	(1,655.7)	—
Total assets	$ 10,721.0	$ 6,987.5	$ 7,443.0	$ (11,960.4)	$ 13,191.1
Liabilities and Stockholders' Equity					
Current liabilities					
Current portion of long-term debt	$ 12.0	$ 0.1	$ 9.1	$ —	$ 21.2
Payables to affiliates, net	—	364.3	—	(364.3)	—
Liabilities from coal trading activities, net	—	10.7	22.0	—	32.7
Accounts payable and accrued expenses	474.5	682.5	652.2	—	1,809.2
Total current liabilities	486.5	1,057.6	683.3	(364.3)	1,863.1
Long-term debt, less current portion	5,951.6	6.3	7.7	—	5,965.6
Deferred income taxes	90.5	—	6.1	(7.5)	89.1
Notes payable to affiliates, net	1,033.4	—	622.3	(1,655.7)	—
Other noncurrent liabilities	434.2	1,717.4	395.2	—	2,546.8
Total liabilities	7,996.2	2,781.3	1,714.6	(2,027.5)	10,464.6
Peabody Energy Corporation stockholders' equity	2,724.8	4,206.2	5,726.7	(9,932.9)	2,724.8
Noncontrolling interests	—	—	1.7	—	1.7
Total stockholders' equity	2,724.8	4,206.2	5,728.4	(9,932.9)	2,726.5
Total liabilities and stockholders' equity	$ 10,721.0	$ 6,987.5	$ 7,443.0	$ (11,960.4)	$ 13,191.1

PEABODY ENERGY CORPORATION

SUPPLEMENTAL CONDENSED CONSOLIDATING STATEMENTS OF CASH FLOWS

	Year Ended December 31, 2015			
	Parent Company	Guarantor Subsidiaries	Non-Guarantor Subsidiaries	Consolidated
	(Dollars in millions)			
Cash Flows From Operating Activities				
Net cash (used in) provided by continuing operations	$ (692.9)	$ 593.5	$ 118.3	$ 18.9
Net cash used in discontinued operations	(27.4)	(2.9)	(3.0)	(33.3)
Net cash (used in) provided by operating activities	(720.3)	590.6	115.3	(14.4)
Cash Flows From Investing Activities				
Additions to property, plant, equipment and mine development	—	(87.2)	(39.6)	(126.8)
Changes in accrued expenses related to capital expenditures	—	(3.6)	(5.6)	(9.2)
Federal coal lease expenditures	—	(277.2)	—	(277.2)
Proceeds from disposal of assets, net of notes receivable	—	36.3	34.1	70.4
Purchases of debt and equity securities	—	—	(28.8)	(28.8)
Proceeds from sales and maturities of debt and equity securities	—	—	90.3	90.3
Contributions to joint ventures	—	—	(425.4)	(425.4)
Distributions from joint ventures	—	—	422.6	422.6
Advances to related parties	—	—	(3.7)	(3.7)
Repayment of loans from related parties	—	—	0.9	0.9
Other, net	—	(3.2)	0.1	(3.1)
Net cash (used in) provided by investing activities	—	(334.9)	44.9	(290.0)
Cash Flows From Financing Activities				
Proceeds from long-term debt	975.7	—	—	975.7
Repayments of long-term debt	(662.0)	(0.2)	(9.1)	(671.3)
Payment of deferred financing costs	(28.7)	—	—	(28.7)
Dividends paid	(1.4)	—	—	(1.4)
Other, net	1.4	(1.8)	(6.2)	(6.6)
Transactions with affiliates, net	253.8	(254.6)	0.8	—
Net cash provided by (used in) financing activities	538.8	(256.6)	(14.5)	267.7
Net change in cash and cash equivalents	$ (181.5)	$ (0.9)	$ 145.7	$ (36.7)
Cash and cash equivalents at beginning of year	188.7	1.2	108.1	298.0
Cash and cash equivalents at end of year	$ 7.2	$ 0.3	$ 253.8	$ 261.3

PEABODY ENERGY CORPORATION

SUPPLEMENTAL CONDENSED CONSOLIDATING STATEMENTS OF CASH FLOWS

	Year Ended December 31, 2014			
	Parent Company	Guarantor Subsidiaries	Non-Guarantor Subsidiaries	Consolidated
	(Dollars in millions)			
Cash Flows From Operating Activities				
Net cash (used in) provided by continuing operations	$ (369.0)	$ 776.1	$ 33.9	$ 441.0
Net cash used in discontinued operations	(73.3)	(4.6)	(26.5)	(104.4)
Net cash (used in) provided by operating activities	(442.3)	771.5	7.4	336.6
Cash Flows From Investing Activities				
Additions to property, plant, equipment and mine development	—	(108.5)	(85.9)	(194.4)
Changes in accrued expenses related to capital expenditures	—	3.4	(20.0)	(16.6)
Federal coal lease expenditures	—	(276.7)	—	(276.7)
Proceeds from disposal of assets, net of notes receivable	—	105.9	97.8	203.7
Purchases of debt and equity securities	—	—	(15.1)	(15.1)
Proceeds from sales and maturities of debt and equity securities	—	—	13.5	13.5
Contributions to joint ventures	—	—	(529.8)	(529.8)
Distributions from joint ventures	—	—	534.2	534.2
Advances to related parties	—	—	(33.7)	(33.7)
Repayment of loan from related parties	—	—	5.4	5.4
Other, net	—	(4.4)	(0.6)	(5.0)
Net cash used in investing activities	—	(280.3)	(34.2)	(314.5)
Cash Flows From Financing Activities				
Proceeds from long-term debt	—	—	1.1	1.1
Repayments of long-term debt	(12.0)	(0.1)	(8.9)	(21.0)
Payment of deferred financing costs	(10.1)	—	—	(10.1)
Dividends paid	(92.3)	—	—	(92.3)
Restricted cash for distributions to noncontrolling interest	—	—	(42.5)	(42.5)
Other, net	3.1	(1.7)	(4.7)	(3.3)
Transactions with affiliates, net	441.6	(488.5)	46.9	—
Net cash provided by (used in) financing activities	330.3	(490.3)	(8.1)	(168.1)
Net change in cash and cash equivalents	$ (112.0)	$ 0.9	$ (34.9)	$ (146.0)
Cash and cash equivalents at beginning of year	300.7	0.3	143.0	444.0
Cash and cash equivalents at end of year	$ 188.7	$ 1.2	$ 108.1	$ 298.0

PEABODY ENERGY CORPORATION

SUPPLEMENTAL CONDENSED CONSOLIDATING STATEMENTS OF CASH FLOWS

	Year Ended December 31, 2013			
	Parent Company	Guarantor Subsidiaries	Non-Guarantor Subsidiaries	Consolidated
	(Dollars in millions)			
Cash Flows From Operating Activities				
Net cash (used in) provided by continuing operations	$ (24.3)	$ 778.7	$ 25.7	$ 780.1
Net cash used in discontinued operations	(20.4)	(7.6)	(29.7)	(57.7)
Net cash (used in) provided by operating activities	(44.7)	771.1	(4.0)	722.4
Cash Flows From Investing Activities				
Additions to property, plant, equipment and mine development	—	(95.9)	(232.5)	(328.4)
Changes in accrued expenses related to capital expenditures	—	(1.2)	(119.5)	(120.7)
Federal coal lease expenditures	—	(276.8)	—	(276.8)
Proceeds from disposal of assets, net of notes receivable	—	93.0	85.3	178.3
Purchases of debt and equity securities	—	—	(22.8)	(22.8)
Proceeds from sales and maturities of debt and equity securities	—	—	22.9	22.9
Maturity of short-term investments	—	—	4.8	4.8
Contributions to joint ventures	—	—	(671.7)	(671.7)
Distributions from joint ventures	—	—	722.9	722.9
Advances to related parties	—	—	(42.1)	(42.1)
Repayment of loans from related parties	—	—	25.2	25.2
Other, net	—	(5.7)	(0.1)	(5.8)
Net cash used in continuing operations	—	(286.6)	(227.6)	(514.2)
Net cash used in discontinued operations	—	—	(1.5)	(1.5)
Net cash used in investing activities	—	(286.6)	(229.1)	(515.7)
Cash Flows From Financing Activities				
Proceeds from long-term debt	1,188.0	—	—	1,188.0
Repayments of long-term debt	(1,334.2)	(0.2)	(55.8)	(1,390.2)
Payment of deferred financing costs	(22.8)	—	—	(22.8)
Dividends paid	(91.7)	—	—	(91.7)
Other, net	4.2	(1.6)	(7.4)	(4.8)
Transactions with affiliates, net	332.3	(482.7)	150.4	—
Net cash provided by (used in) financing activities	75.8	(484.5)	87.2	(321.5)
Net change in cash and cash equivalents	$ 31.1	$ —	$ (145.9)	$ (114.8)
Cash and cash equivalents at beginning of year	269.6	0.3	288.9	558.8
Cash and cash equivalents at end of year	$ 300.7	$ 0.3	$ 143.0	$ 444.0

PEABODY ENERGY CORPORATION
SCHEDULE II — VALUATION AND QUALIFYING ACCOUNTS

Description	Balance at Beginning of Period	Charged to Costs and Expenses	Deductions[1]	Other	Balance at End of Period
			(Dollars in millions)		
Year Ended December 31, 2015					
Reserves deducted from asset accounts:					
Advance royalty recoupment reserve	$ 7.6	$ —	$ (0.9) [2]	$ 1.6 [3]	$ 8.3
Reserve for materials and supplies	4.6	0.4	(0.3)	—	4.7
Allowance for doubtful accounts	5.8	8.0	(7.2)	—	6.6
Tax valuation allowances	1,169.0	462.0	—	(183.7) [4]	1,447.3
Year Ended December 31, 2014					
Reserves deducted from asset accounts:					
Advance royalty recoupment reserve	$ 9.7	$ (0.2)	$ (1.9) [2]	$ —	$ 7.6
Reserve for materials and supplies	7.4	(0.1)	(2.7)	—	4.6
Allowance for doubtful accounts	7.4	1.5	(1.4)	(1.7) [5]	5.8
Tax valuation allowances	1,634.1	569.4	—	(1,034.5) [6]	1,169.0
Year Ended December 31, 2013					
Reserves deducted from asset accounts:					
Advance royalty recoupment reserve	$ 15.3	$ 0.1	$ (5.7) [2]	$ —	$ 9.7
Reserve for materials and supplies	16.0	1.7	(10.3)	—	7.4
Allowance for doubtful accounts	13.7	4.3	(10.1)	(0.5) [5]	7.4
Tax valuation allowances	1,481.8	(29.4)	—	181.7 [7]	1,634.1

(1) Reserves utilized, unless otherwise indicated.

(2) Deductions to advance royalty recoupment reserve represents the termination of federal and state leases.

(3) Balances transferred from other accounts.

(4) Includes a decrease in valuation allowance during the period reflected directly in "Accumulated other comprehensive loss" and the impact of the 2015 decrease in Australian dollar exchange rates.

(5) Represents subsequent recovery of receivable amounts previously reserved.

(6) Includes the write-off of valuation allowance against deferred tax assets related to the Australian Minerals and Resource Rent Tax (MRRT) due to the repeal of that legislation in 2014, along with an increase in valuation allowance during the period reflected directly in "Accumulated other comprehensive loss" and the impact of the 2014 decrease in Australian dollar exchange rates.

(7) Related to the MRRT, as offset by the impact of the 2013 decrease in Australian dollar exchange rates.

EXHIBIT INDEX

The exhibits below are numbered in accordance with the Exhibit Table of Item 601 of Regulation S-K.

Exhibit No.	Description of Exhibit
3.1	Third Amended and Restated Certificate of Incorporation of the Registrant, as amended (Incorporated by reference to Exhibit 3.1 to the Registrant's Annual Report on Form 10-K for the year ended December 31, 2011) and Certificate of Amendment of Third Amended and Restated Certificate of Incorporation of the Registrant (Incorporated by reference to Exhibit 3.1 of the Registrant's Current Report on Form 8-K filed October 6, 2015).
3.2	Amended and Restated By-Laws of the Registrant (Incorporated by reference to Exhibit 3.1 of the Registrant's Current Report on Form 8-K filed December 16, 2015).
4.1	Specimen of stock certificate representing the Registrant's common stock, $.01 par value (Incorporated by reference to Exhibit 4.13 to Amendment No. 4 to the Registrant's Form S-1 Registration Statement No. 333-55412, filed May 1, 2001).
4.2	Indenture, dated as of March 19, 2004, between the Registrant and U.S. Bank National Association, as trustee (Incorporated by reference to Exhibit 4.12 of the Registrant's Quarterly Report on Form 10-Q for the quarter ended March 31, 2004).
4.3	Subordinated Indenture, dated as of December 20, 2006, between the Registrant and U.S. Bank National Association, as trustee (Incorporated by reference to Exhibit 4.1 of the Registrant's Current Report on Form 8-K, filed December 20, 2006).
4.4	Indenture, dated as of November 15, 2011, among Peabody, the Guarantors named therein and U.S. Bank National Association, as trustee, governing the 6.00% Senior Notes Due 2018 and 6.25% Senior Notes Due 2021 (Incorporated by reference to Exhibit 4.1 of the Registrant's Current Report on Form 8-K, filed November 17, 2011).
4.5	Indenture, dated as of March 16, 2015, among Peabody, the Guarantors named therein and U.S. Bank National Association, as Trustee and Collateral Agent, governing 10% Senior Secured Second Lien Notes due 2022 (Incorporated by reference to Exhibit 4.1 of the Registrant's Current Report on Form 8-K, filed March 17, 2015). Pursuant to CFR 229.601(b)(4)(iii), instruments with respect to long-term debt issues have been omitted where the amount of securities authorized under such instruments does not exceed 10% of the total consolidated assets of the Registrant. The Registrant hereby agrees to furnish a copy of any such instrument to the Commission upon its request.
10.1	Amended and Restated Credit Agreement, as amended and restated as of September 24, 2013, by and among Peabody Energy Corporation, Citibank, N.A., as administrative agent, swing line lender and L/C issuer, Citigroup Global Markets, Inc., Merrill Lynch, Pierce, Fenner & Smith Incorporated, BNP Paribas Securities Corp., Crédit Agricole Corporate and Investment Bank, HSBC Securities (USA) Inc., Morgan Stanley Senior Funding, Inc., PNC Capital Markets LLC and RBS Securities Inc., as joint lead arrangers and joint book managers, and the other agents and lending institutions identified in the Credit Agreement (Incorporated by reference to Exhibit 10.1 of the Registrant's Quarterly Report on Form 10-Q for the quarter ended September 30, 2013).
10.2	Share Charge, dated as of September 24, 2013, between Peabody Holdings (Gibraltar) Limited, as grantor, and Citibank, N.A., as administrative agent. (Incorporated by reference to Exhibit 10.2 to the Registrant's Current Report on Form 8-K filed on September 30, 2013).
10.3	Pledge Agreement, dated as of September 24, 2013, among Peabody Investments Corp., as grantor, and Citibank, N.A., as administrative agent. (Incorporated by reference to Exhibit 10.3 to the Registrant's Current Report on Form 8-K filed on September 30, 2013).
10.4	Omnibus Amendment Agreement, dated as of February 5, 2015, to the Amended and Restated Credit Agreement, dated September 24, 2013, by and among Peabody Energy Corporation, Citibank, N.A., as administrative agent, swing line lender and L/C issuer, Citigroup Global Markets, Inc., Merrill Lynch, Pierce, Fenner & Smith Incorporated, BNP Paribas Securities Corp., Crédit Agricole Corporate and Investment Bank, HSBC Securities (USA) Inc., Morgan Stanley Senior Funding, Inc., PNC Capital Markets LLC and RBS Securities Inc., as joint lead arrangers and joint book managers, and the other agents and lending institutions identified in the Credit Agreement. (Incorporated by reference to Exhibit 10.4 to the Registrant's Annual Report on Form 10-K filed on February 25, 2015).
10.5	Fourth Amended and Restated Receivables Purchase Agreement, dated as of May 1, 2013, by and among P&L Receivables Company, LLC, Peabody Energy Corporation, the various Sub-Servicers listed on the signature pages thereto, all Conduit Purchasers listed on the signature pages thereto, all Related Committed Purchasers listed on the signature pages thereto, all Purchaser Agents listed on the signature pages thereto, all LC Participants listed on the signature pages thereto, and PNC Bank, National Association, as Administrator and as LC Bank (Incorporated by reference to Exhibit 10.1 to the Registrant's Current Report on Form 8-K filed on May 3, 2013).

Exhibit No.	Description of Exhibit
10.6	First Lien/Second Lien Intercreditor Agreement, dated March 16, 2015, among Peabody Energy Corporation, the other grantors party thereto, U.S. Bank, National Association, as second priority representative and Citibank, N.A., as senior representative (Incorporated by reference to Exhibit 10.1 of the Registrant's Current Report on Form 8-K filed on March 17, 2015).
10.7	Federal Coal Lease WYW0321779: North Antelope/Rochelle Mine (Incorporated by reference to Exhibit 10.3 of the Registrant's Form S-4 Registration Statement No. 333-59073).
10.8	Federal Coal Lease WYW119554: North Antelope/Rochelle Mine (Incorporated by reference to Exhibit 10.4 of the Registrant's Form S-4 Registration Statement No. 333-59073, filed July 14, 1998).
10.9	Federal Coal Lease WYW5036: Rawhide Mine (Incorporated by reference to Exhibit 10.5 of the Registrant's Form S-4 Registration Statement No. 333-59073, filed July 14, 1998).
10.10	Federal Coal Lease WYW3397: Caballo Mine (Incorporated by reference to Exhibit 10.6 of the Registrant's Form S-4 Registration Statement No. 333-59073, filed July 14, 1998).
10.11	Federal Coal Lease WYW83394: Caballo Mine (Incorporated by reference to Exhibit 10.7 of the Registrant's Form S-4 Registration Statement No. 333-59073, filed July 14, 1998).
10.12	Federal Coal Lease WYW136142 (Incorporated by reference to Exhibit 10.8 of Amendment No. 1 to the Registrant's Form S-4 Registration Statement No. 333-59073, filed September 8, 1998).
10.13	Royalty Prepayment Agreement by and among Peabody Natural Resources Company, Gallo Finance Company and Chaco Energy Company, dated September 30, 1998 (Incorporated by reference to Exhibit 10.9 of the Registrant's Quarterly Report on Form 10-Q for the quarter ended September 30, 1998).
10.14	Federal Coal Lease WYW154001: North Antelope Rochelle South (Incorporated by reference to Exhibit 10.68 of the Registrant's Quarterly Report on Form 10-Q for the quarter ended September 30, 2004).
10.15	Federal Coal Lease WYW150210: North Antelope Rochelle Mine (Incorporated by reference to Exhibit 10.8 of the Registrant's Quarterly Report on Form 10-Q for the quarter ended March 31, 2005).
10.16	Federal Coal Lease WYW151134 effective May 1, 2005: West Roundup (Incorporated by reference to Exhibit 10.1 of the Registrant's Quarterly Report on Form 10-Q for the quarter ended June 30, 2005).
10.17	Federal Coal Lease Readjustment WYW78663: Caballo (Incorporated by reference to Exhibit 10.24 of the Registrant’s Annual Report on Form 10-K for the year ended December 31, 2012).
10.18	Transfer by Assignment and Assumption of Federal Coal Lease WYW172657: Caballo West (Incorporated by reference to Exhibit 10.25 of the Registrant’s Annual Report on Form 10-K for the year ended December 31, 2012).
10.19	Federal Coal Lease WYW176095: Porcupine South (Incorporated by reference to Exhibit 10.26 of the Registrant’s Annual Report on Form 10-K for the year ended December 31, 2012).
10.20	Federal Coal Lease WYW173408: North Porcupine (Incorporated by reference to Exhibit 10.27 of the Registrant’s Annual Report on Form 10-K for the year ended December 31, 2012).
10.21	Federal Coal Lease WYW172413: School Creek (Incorporated by reference to Exhibit 10.28 of the Registrant’s Annual Report on Form 10-K for the year ended December 31, 2012).
10.22	Separation Agreement, Plan of Reorganization and Distribution, dated October 22, 2007, between the Registrant and Patriot Coal Corporation (Incorporated by reference to Exhibit 10.1 of the Registrant's Current Report on Form 8-K, filed October 25, 2007).
10.23	Tax Separation Agreement, dated October 22, 2007, between the Registrant and Patriot Coal Corporation (Incorporated by reference to Exhibit 10.2 of the Registrant's Current Report on Form 8-K, filed October 25, 2007).
10.24	Coal Act Liabilities Assumption Agreement, dated October 22, 2007, among Patriot Coal Corporation, Peabody Holding Company, LLC and the Registrant (Incorporated by reference to Exhibit 10.3 of the Registrant's Current Report on Form 8-K, filed October 25, 2007).
10.25	Salaried Employee Liabilities Assumption Agreement, dated October 22, 2007, among Patriot Coal Corporation, Peabody Holding Company, LLC, Peabody Coal Company, LLC and the Registrant (Incorporated by reference to Exhibit 10.5 of the Registrant's Current Report on Form 8-K, filed October 25, 2007).

Exhibit No.	Description of Exhibit
10.26	Coal Supply Agreement, dated October 22, 2007, between Patriot Coal Sales LLC and COALSALES II, LLC (Incorporated by reference to Exhibit 10.6 of the Registrant's Current Report on Form 8-K, filed October 25, 2007).
10.27	Settlement Agreement entered into as of October 24, 2013, by and among Patriot Coal Corporation, on behalf of itself and its affiliates, the Registrant, on behalf of itself and its affiliates, and the United Mine Workers of America, on behalf of itself and the UMWA Employees and UMWA Retirees (Incorporated by reference to Exhibit 10.1 of the Registrant's Current Report on Form 8-K, filed October 30, 2013).
10.28†	Purchase and Sale Agreement, dated as of November 20, 2015, by and between Four Star Holdings, LLC and Western Megawatt Resources, LLC.
10.29*	1998 Stock Purchase and Option Plan for Key Employees of the Registrant (Incorporated by reference to Exhibit 4.9 of the Registrant's Form S-8 Registration Statement No. 333-105456, filed May 21, 2003).
10.30*	Amendment to the 1998 Stock Purchase and Option Plan for Key Employees of the Registrant (Incorporated by reference to Exhibit 10.4 of the Registrant's Current Report on Form 8-K, filed October 17, 2007).
10.31*	Amendment No. 2 to the 1998 Stock Purchase and Option Plan for Key Employees of the Registrant (Incorporated by reference to Exhibit 10.2 of the Registrant's Current Report on Form 8-K, filed December 11, 2007).
10.32*	Amendment No. 3 to the 1998 Stock Purchase and Option Plan for Key Employees of the Registrant (Incorporated by reference to Exhibit 10.1 of the Registrant's Quarterly Report on Form 10-Q for the quarter ended March 31, 2014).
10.33*	Form of Non-Qualified Stock Option Agreement under the Registrant's 1998 Stock Purchase and Option Plan for Key Employees (Incorporated by reference to Exhibit 10.15 of the Registrant's Annual Report on Form 10-K for the year ended December 31, 2003).
10.34*	Form of Amendment to Non-Qualified Stock Option Agreement under the Registrant's 1998 Stock Purchase and Option Plan for Key Employees (Incorporated by reference to Exhibit 10.16 of the Registrant's Annual Report on Form 10-K for the year ended December 31, 2003).
10.35*	Form of Amendment, dated as of June 15, 2004, to Non-Qualified Stock Option Agreement under the Registrant's 1998 Stock Purchase and Option Plan for Key Employees (Incorporated by reference to Exhibit 10.65 of the Registrant's Quarterly Report on Form 10-Q for the quarter ended June 30, 2004).
10.36*	Form of Incentive Stock Option Agreement under the Registrant's 1998 Stock Purchase and Option Plan for Key Employees (Incorporated by reference to Exhibit 10.17 of the Registrant's Annual Report on Form 10-K for the year ended December 31, 2003).
10.37*	Long-Term Equity Incentive Plan of the Registrant (Incorporated by reference to Exhibit 99.2 of the Registrant's Form S-8 Registration Statement No. 333-61406, filed May 22, 2001).
10.38*	Amendment to the Registrant's 2001 Long-Term Equity Incentive Plan (Incorporated by reference to Exhibit 10.3 of the Registrant's Current Report on Form 8-K, filed October 17, 2007).
10.39*	Amendment No. 2 to the Registrant's 2001 Long-Term Equity Incentive Plan (Incorporated by reference to Exhibit 10.2 of the Registrant's Quarterly Report on Form 10-Q for the quarter ended March 31, 2014).
10.40*	Form of Non-Qualified Stock Option Agreement under the Registrant's 2001 Long-Term Equity Incentive Plan (Incorporated by reference to Exhibit 10.18 of the Registrant's Annual Report on Form 10-K for the year ended December 31, 2003).
10.41*	Form of Performance Unit Award Agreement under the Registrant's 2001 Long-Term Equity Incentive Plan (Incorporated by reference to Exhibit 10.19 of the Registrant's Annual Report on Form 10-K for the year ended December 31, 2003).
10.42*	Form of Non-Qualified Stock Option Agreement for Outside Directors under the Registrant's 2001 Long-Term Equity Incentive Plan (Incorporated by reference to Exhibit 10.1 to the Registrant's Current Report on Form 8-K, filed December 14, 2005).
10.43*	Form of Restricted Stock Award Agreement for Outside Directors under the Registrant's 2001 Long-Term Equity Incentive Plan (Incorporated by reference to Exhibit 10.2 to the Registrant's Current Report on Form 8-K, filed December 14, 2005).
10.44*	Equity Incentive Plan for Non-Employee Directors of the Registrant (Incorporated by reference to Exhibit 99.3 of the Registrant's Form S-8 Registration Statement No. 333-61406, filed May 22, 2001).
10.45*	Amendment No. 1 to the Equity Incentive Plan for Non-Employee Directors of the Registrant (Incorporated by reference to Exhibit 10.3 of the Registrant's Quarterly Report on Form 10-Q for the quarter ended March 31, 2014).

Exhibit No.	Description of Exhibit
10.46*	Form of Non-Qualified Stock Option Agreement under the Registrant's Equity Incentive Plan for Non-Employee Directors (Incorporated by reference to Exhibit 10.20 of the Registrant's Annual Report on Form 10-K for the year ended December 31, 2003).
10.47*	The Registrant's 2004 Long-Term Equity Incentive Plan (Incorporated by reference to Annex A to the Registrant's Proxy Statement for the 2004 Annual Meeting of Stockholders, filed April 2, 2004).
10.48*	Amendment No. 1 to the Registrant's 2004 Long-Term Equity Incentive Plan (Incorporated by reference to Exhibit 10.67 of the Registrant's Quarterly Report on Form 10-Q for the quarter ended September 30, 2004).
10.49*	Amendment No. 2 to the Registrant's 2004 Long-Term Equity Incentive Plan (Incorporated by reference to Exhibit 10.1 of the Registrant's Current Report on Form 8-K, filed October 17, 2007).
10.50*	Amendment No. 3 to the Registrant's 2004 Long-Term Equity Incentive Plan (Incorporated by reference to Exhibit 10.2 of the Registrant's Current Report on Form 8-K, filed October 17, 2007).
10.51*	Amendment No. 4 to the Registrant's 2004 Long-Term Equity Incentive Plan (Incorporated by reference to Exhibit 10.1 of the Registrant's Current Report on Form 8-K, filed December 11, 2007).
10.52*	Amendment No. 5 to the Registrant's 2004 Long-Term Equity Incentive Plan (Incorporated by reference to Exhibit 10.4 of the Registrant's Quarterly Report on Form 10-Q for the quarter ended March 31, 2014).
10.53*	Form of Non-Qualified Stock Option Agreement under the Registrant's 2004 Long-Term Equity Incentive Plan (Incorporated by reference to Exhibit 10.1 to the Registrant's Current Report on Form 8-K, filed January 7, 2005).
10.54*	Form of Performance Units Agreement under the Registrant's 2004 Long-Term Equity Incentive Plan (Incorporated by reference to Exhibit 10.2 of the Registrant's Current Report on Form 8-K, filed January 7, 2005).
10.55*	Form of Performance Units Agreement under the Registrant's 2004 Long-Term Equity Incentive Plan (Incorporated by reference to Exhibit 10.36 of the Registrant's Annual Report on Form 10-K for the year ended December 31, 2007).
10.56*	Form of Performance Units Award Agreement under the Registrant's 2004 Long-Term Equity Incentive Plan (Incorporated by reference to Exhibit 10.2 of the Registrant's Quarterly Report on Form 10-Q for the quarter ended June 30, 2009).
10.57*	Form of Deferred Stock Units Agreement for Non-Employee Directors under the Registrant's 2004 Long-Term Equity Incentive Plan (Incorporated by reference to Exhibit 10.43 of the Registrant's Annual Report on Form 10-K for the year ended December 31, 2010).
10.58*	Peabody Energy Corporation 2011 Long-Term Equity Incentive Plan (Incorporated by reference to Appendix A of the Registrant's Proxy Statement, filed March 22, 2011).
10.59*	Amendment No. 1 to the Registrant's 2011 Long-Term Equity Incentive Plan (Incorporated by reference to Exhibit 10.5 of the Registrant's Quarterly Report on Form 10-Q for the quarter ended March 31, 2014).
10.60*	Form of Non-Qualified Stock Option Agreement under the Registrant's 2011 Long-Term Equity Incentive Plan (Incorporated by reference to Exhibit 10.59 to the Registrant's Annual Report on Form 10-K for the year ended December 31, 2011).
10.61*	Form of Performance Units Agreement under the Registrant's 2011 Long-Term Equity Incentive Plan. (Incorporated by reference to Exhibit 10.60 to the Registrant's Annual Report on Form 10-K for the year ended December 31, 2011).
10.62*	Form of Restricted Stock Award Agreement under the Registrant's 2011 Long-Term Equity Incentive Plan (Incorporated by reference to Exhibit 10.61 to the Registrant's Annual Report on Form 10-K for the year ended December 31, 2011).
10.63*	Form of Deferred Stock Unit Agreement under the Registrant's 2011 Long-Term Equity Incentive Plan (Incorporated by reference to Exhibit 10.62 to the Registrant's Annual Report on Form 10-K for the year ended December 31, 2011).
10.64*	Form of Non-Qualified Stock Option Agreement under the Registrant's 2011 Long-Term Equity Incentive Plan (effective for awards to executive officers than Gregory H. Boyce on and after January 2, 2014) (Incorporated by reference to Exhibit 10.1 to the Registrant's Current Report on Form 8-K, filed April 25, 2014).
10.65*	Form of Restricted Stock Award Agreement under the Registrant's 2011 Long-Term Equity Incentive Plan (effective for awards on and after January 2, 2014) (Incorporated by reference to Exhibit 10.2 to the Registrant's Current Report on Form 8-K, filed April 25, 2014).

Exhibit No.	Description of Exhibit
10.66*	Form of Performance Units Agreement under the Registrant's 2011 Long-Term Equity Incentive Plan. (effective for awards on and after January 2, 2014) (Incorporated by reference to Exhibit 10.3 to the Registrant's Current Report on Form 8-K, filed April 25, 2014).
10.67*	Form of Non-Qualified Stock Option Agreement under the Registrant's 2011 Long-Term Equity Incentive Plan (effective for awards to Gregory H. Boyce on and after January 2, 2014) (Incorporated by reference to Exhibit 10.4 to the Registrant's Current Report on Form 8-K, filed April 25, 2014).
10.68*	Peabody Energy Corporation 2015 Long-Term Incentive Plan (Incorporated by reference to Appendix B of the Registrant's Proxy Statement, filed March 24, 2015).
10.69*†	Form of Performance-Based Restricted Stock Unit Agreement under the Registrant's 2015 Long-Term Incentive Plan.
10.70*†	Form of Performance-Based Restricted Stock Unit Agreement under the Registrant's 2015 Long-Term Incentive Plan (effective for Australia).
10.71*†	Form of Service-Based Cash Award Agreement under the Registrant's 2015 Long-Term Incentive Plan.
10.72*†	Form of Service-Based Cash Award Agreement under the Registrant’s 2015 Long-Term Incentive Plan.
10.73*†	Form of Service-Based Cash Award Agreement for Non-Employee Directors under the Registrant's 2015 Long-Term Incentive Plan.
10.74*†	Form of Deferred Stock Unit Agreement under the Registrant's 2015 Long-Term Incentive Plan.
10.75*†	Form of Restrictive Covenant Agreement under the Registrant's 2015 Long-Term Incentive Plan.
10.76*†	Form of Restrictive Covenant Agreement under the Registrant's 2015 Long-Term Incentive Plan (Australia).
10.77*	Cash-Settled Performance Units Agreement between the Registrant and Gregory H. Boyce (Incorporated by reference to Exhibit 10.5 to the Registrant's Current Report on Form 8-K, filed April 25, 2014).
10.78*	2009 Amendment entered into effective December 31, 2009 to the Stock Grant Agreement dated as of October 1, 2003 between the Registrant and Gregory H. Boyce (Incorporated by reference to Exhibit 10.45 of the Registrant's Annual Report on Form 10-K for the year ended December 31, 2009).
10.79*	2009 Amendment entered into effective December 31, 2009 to the Non-Qualified Stock Option Agreement dated January 2, 2008 between the Registrant and Gregory H. Boyce (Incorporated by reference to Exhibit 10.46 of the Registrant's Annual Report on Form 10-K for the year ended December 31, 2009).
10.80*	2009 Amendment entered into effective December 31, 2009 to the Non-Qualified Stock Option Agreement dated January 5, 2009 between the Registrant and Gregory H. Boyce (Incorporated by reference to Exhibit 10.47 of the Registrant's Annual Report on Form 10-K for the year ended December 31, 2009).
10.81*	2009 Amendment entered into effective December 31, 2009 to the Performance Units Agreement dated January 2, 2008 between the Registrant and Gregory H. Boyce (Incorporated by reference to Exhibit 10.48 of the Registrant's Annual Report on Form 10-K for the year ended December 31, 2009).
10.82*	2009 Amendment entered into effective December 31, 2009 to the Performance Units Agreement dated January 5, 2009 between the Registrant and Gregory H. Boyce (Incorporated by reference to Exhibit 10.49 of the Registrant's Annual Report on Form 10-K for the year ended December 31, 2009).
10.83*	2010 Amendment entered into effective March 17, 2010, to the 2008 Performance Units Award Agreement dated January 2, 2008 between the Registrant and Gregory H. Boyce (Incorporated by reference to Exhibit 10.3 of the Registrant's Quarterly Report on Form 10-Q for the quarter ended March 31, 2010).
10.84*	2010 Amendment entered into effective March 17, 2010, to the 2009 Performance Units Award Agreement dated January 5, 2009 between the Registrant and Gregory H. Boyce (Incorporated by reference to Exhibit 10.4 of the Registrant's Quarterly Report on Form 10-Q for the quarter ended March 31, 2010).
10.85*	Amended and Restated Employee Stock Purchase Plan of the Registrant (Incorporated by reference to Exhibit 10.44 of the Registrant's Annual Report on Form 10-K for the year ended December 31, 2008).

Exhibit No.	Description of Exhibit
10.86*	Amendment to the Amended and Restated Employee Stock Purchase Plan of the Registrant (Incorporated by reference to Exhibit 10.51 of the Registrant's Annual Report on Form 10-K for the year ended December 31, 2009).
10.87*	Amended and Restated Australian Employee Stock Purchase Plan of the Registrant (Incorporated by reference to Exhibit 10.45 of the Registrant's Annual Report on Form 10-K for the year ended December 31, 2008).
10.88*	Amendment to the Amended and Restated Australian Employee Stock Purchase Plan of the Registrant (Incorporated by reference to Exhibit 10.53 of the Registrant's Annual Report on Form 10-K for the year ended December 31, 2009).
10.89*	2008 Management Annual Incentive Compensation Plan (Incorporated by reference to Appendix B to the Registrant's Proxy Statement for the 2008 Annual Meeting of Shareholders, filed March 27, 2008).
10.90*	The Registrant's Deferred Compensation Plan (Incorporated by reference to Exhibit 10.30 of the Registrant's Quarterly Report on Form 10-Q for the quarter ended September 30, 2001).
10.91*	First Amendment to the Registrant's Deferred Compensation Plan (Incorporated by reference to Exhibit 10.49 of the Registrant's Annual Report on Form 10-K for the year ended December 31, 2004).
10.92*	Letter Agreement, dated as of March 1, 2005, by and between the Registrant and Gregory H. Boyce (Incorporated by reference to Exhibit 10.1 of the Registrant's Current Report on Form 8-K, filed March 4, 2005).
10.93*	Restated Employment Agreement effective December 31, 2009 by and between the Registrant and Gregory H. Boyce (Incorporated by reference to Exhibit 10.1 of the Registrant's Current Report on Form 8-K, filed December 24, 2009).
10.94*	Amended and Restated Transition Agreement effective May 8, 2014 by and between Peabody Energy Corporation and Gregory H. Boyce (Incorporated by reference to Exhibit 10.1 to the Registrant's Current Report on Form 8-K filed on May 13, 2014).
10.95*	2013 Restricted Stock Unit Agreement by and between Peabody Energy Corporation and Gregory H. Boyce (Incorporated by reference to Exhibit 10.3 to the Registrant's Current Report on Form 8-K filed on May 3, 2013).
10.96*	Employment Agreement entered into as of August 21, 2013, by and between Peabody Energy Corporation and Glenn L. Kellow (Incorporated by reference to Exhibit 10.1 to the Registrant's Current Report on Form 8-K filed on August 27, 2013).
10.97*	Restrictive Covenant Agreement entered into as of August 21, 2013, by and between Peabody Energy Corporation and Glenn L. Kellow (Incorporated by reference to Exhibit 10.2 to the Registrant's Current Report on Form 8-K filed on August 27, 2013).
10.98*	Letter dated January 27, 2015 to Glenn L. Kellow from the Chairman of the Compensation Committee of the Peabody Energy Corporation Board of Directors (incorporated by reference to Exhibit 10.1 to the Registrant’s Current Report on Form 8-K filed on January 28, 2015).
10.99*	Letter Agreement entered into as of January 27, 2015, by and between Peabody Energy Corporation and Glenn L. Kellow (incorporated by reference to Exhibit 10.2 to the Registrant’s Current Report on Form 8-K filed on January 28, 2015).
10.100*	Letter Agreement entered into as of April 21, 2015, by and between Peabody Energy Corporation and Gregory H. Boyce (incorporated by reference to Exhibit 10.1 to the Registrant’s Current Report on Form 8-K filed on April 21, 2015).
10.101*	Letter Agreement entered into as of April 20, 2015, by and between Peabody Energy Corporation and Glenn L. Kellow (incorporated by reference to Exhibit 10.2 to the Registrant’s Current Report on Form 8-K filed on April 21, 2015).
10.102*	Employment Agreement entered into as of December 31, 2008 by and between the Registrant and Michael C. Crews (Incorporated by reference to Exhibit 10.3 of the Registrant's Current Report on Form 8-K, filed December 31, 2008).
10.103*	Restated Employment Agreement entered into as of January 7, 2013 by and between the Registrant and Charles F. Meintjes (Incorporated by reference to Exhibit 10.2 to the Registrant's Current Report on Form 8-K filed January 10, 2013).
10.104*	Restated Employment Agreement entered into as of December 20, 2012 by and between the Registrant and Kemal Williamson (Incorporated by reference to Exhibit 10.1 to the Registrant's Current Report on Form 8-K filed on December 26, 2012).

Exhibit No.	Description of Exhibit
10.105*	Peabody Energy Corporation Executive Severance Plan. (Incorporated by reference to Exhibit 10.92 to the Registrant's Annual Report on Form 10-K filed on February 25, 2015).
10.106*	Peabody Energy Corporation 2015 Amended and Restated Executive Severance Plan. (Incorporated by reference to Exhibit 10.1 to the Registrant's Current Report on Form 8-K filed on November 23, 2015).
10.107*	Form of Director and Executive Officer Indemnification Agreement between the Registrant and each of its directors and executive officers. (Incorporated by reference to Exhibit 10.93 to the Registrant's Annual Report on Form 10-K filed on February 25, 2015).
10.108*	Peabody Investments Corp. Supplemental Employee Retirement Account (Incorporated by reference to Exhibit 10.1 of the Registrant's Quarterly Report on Form 10-Q for the quarter ended June 30, 2007).
21†	List of Subsidiaries.
23.1†	Consent of Ernst & Young LLP, Independent Registered Public Accounting Firm.
23.2†	Consent of Palaris Australia Pty Ltd.
31.1†	Certification of periodic financial report by the Registrant's Chief Executive Officer pursuant to Rule 13a-14(a) under the Securities Exchange Act of 1934, as amended pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
31.2†	Certification of periodic financial report by the Registrant's Chief Financial Officer pursuant to Rule 13a-14(a) under the Securities Exchange Act of 1934, as amended pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
32.1†	Certification of periodic financial report pursuant to 18 U.S.C. Section 1350, adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, by the Registrant's Chief Executive Officer.
32.2†	Certification of periodic financial report pursuant to 18 U.S.C. Section 1350, adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, by the Registrant's Chief Financial Officer.
95†	Mine Safety Disclosure required by Item 104 of Regulation S-K.
101†	Interactive Data File (Form 10-K for the year ended December 31, 2015 filed in XBRL). The financial information contained in the XBRL-related documents is "unaudited" and "unreviewed."

The agreements and other documents filed as exhibits to this report are not intended to provide factual information or other disclosure other than with respect to the terms of the agreements or other documents themselves, and you should not rely on them for that purpose. In particular, any representations and warranties made by us in these agreements or other documents were made solely within the specific context of the relevant agreement or document and may not describe the actual state of affairs as of the date they were made or at any other time.

* These exhibits constitute all management contracts, compensatory plans and arrangements required to be filed as an exhibit to this form pursuant to Item 15(a)(3) and 15(b) of this report.

† Filed herewith.

PURCHASE AND SALE AGREEMENT

This **PURCHASE AND SALE AGREEMENT** (this "Agreement") is made as of November 20, 2015, by and between Four Star Holdings, LLC, a Delaware limited liability company ("Seller"), and Western Megawatt Resources, LLC, a Delaware limited liability company ("Buyer"). Capitalized terms used and not otherwise defined herein have the meanings set forth in Article X.

WHEREAS, Seller owns all of the equity interests of Southwest Coal Holdings, LLC, a Delaware limited liability company ("Southwest Holdco") which consists of 100% of the outstanding membership interest in Southwest Holdco (the "Holdco Equity"), and Southwest Holdco directly owns, or will as of the Closing own, all of the equity interests in CO Holdco, which (directly or indirectly) owns, or will as of the Closing own, each of the Colorado Target Companies, and all of the equity interests in NM Holdco, which (directly or indirectly) owns, or will as of the Closing own, each of the New Mexico Target Companies (CO Holdco, NM Holdco, the Colorado Target Companies and the New Mexico Target Companies each a "Target Company" and collectively, the "Target Companies"), which consist of all of the equity ownership interest in each of the Target Companies (the "Target Companies Equity"; the Holdco Equity together with the Target Companies Equity shall be referred to as the "Equity"; and Southwest Holdco and each Target Company shall each individually be referred to as a "Company" and collectively, the "Companies");

WHEREAS, Seller is the direct parent entity of Southwest Holdco and the indirect parent entity of the Target Companies; and

WHEREAS, subject to the terms and conditions set forth herein, Buyer desires to acquire from Seller, and Seller desires to sell to Buyer, the Holdco Equity such that Buyer acquires direct ownership of Southwest Holdco and indirect ownership, through Southwest Holdco, of each of the Target Companies.

NOW, **THEREFORE**, in consideration of the premises, representations and warranties and mutual covenants contained herein and of other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, and intending to be legally bound, the parties hereto agree as follows:

ARTICLE I
PURCHASE AND SALE

Section 1.01 Purchase and Sale. Upon the terms and subject to the conditions set forth in this Agreement, at the Closing, Seller shall sell, assign, transfer and convey to Buyer, and Buyer shall purchase and acquire from Seller, all of the Holdco Equity free and clear of all Liens (other than Liens created by or on behalf of Buyer and applicable federal and state securities law restrictions) for an aggregate purchase price equal to: (a) the Enterprise Value less (b) the amount of Debt, less (c) the amount of any Company Transaction Expenses, less (d) the amount of the Reopener Adjustment, as applicable, less (e) the AR Adjustment Amount, all as determined in Section 1.04 (the "Purchase Price").

Section 1.02 Payment of Estimated Purchase Price. At the Closing, Buyer shall pay the Estimated Purchase Price, as determined in accordance with Section 1.04(a), to Seller by wire transfer of immediately available funds to the account specified by Seller to Buyer at least two (2) Business Days prior to the Closing.

Section 1.03 The Closing. The closing of the transactions contemplated in this Agreement (the "Closing") shall take place at the offices of Baker & McKenzie LLP located at 300 East Randolph Street, Suite 5000, Chicago, Illinois 60601 at 10:00 a.m. U.S. Central Time, as soon as practicable, but in no event later than the third (3rd) Business Day following the satisfaction or waiver of the conditions set forth in Article II (other than those conditions that by their nature will not be satisfied until the Closing, but subject to those conditions being satisfied or waived); provided, that, notwithstanding the satisfaction or waiver of the conditions set forth in Article II, Buyer shall not be required to effect the Closing prior to February 1, 2016. The date on which the Closing actually occurs is hereinafter referred to as the "Closing Date."

Section 1.04 Purchase Price Adjustment.

(a) At least two (2) Business Days prior to the Closing Date, Seller shall deliver to Buyer (i) its good faith estimate of the amounts of Debt, Working Capital, and Company Transaction Expenses, (ii) the amount of the Reopener Adjustment, if any, and (iii) a calculation of the resulting Enterprise Value and the resulting Purchase Price based on the foregoing (the "Estimated Purchase Price") and a calculation of each of the components of each of the foregoing, in each case as of the Adjustment Time ("Estimated Purchase Price Statement"). Absent manifest error, the Estimated Purchase Price as calculated on the Estimated Purchase Price Statement shall be the Estimated Purchase Price for purposes of the Closing.

(b) As promptly as practicable, but no later than sixty (60) days after the Closing Date, Buyer shall cause to be prepared in good faith in accordance with Section 1.04(c) and delivered to Seller a combined balance sheet which shall set forth the combined assets and liabilities of the Companies as of the Adjustment Time (the "Closing Date Balance Sheet") and a statement (the "Statement") setting forth in reasonable detail Buyer's determination of Debt, Working Capital, Company Transaction Expenses, Reopener Adjustment and Enterprise Value based on the Closing Date Balance Sheet and a calculation of the Purchase Price based on the foregoing determinations, together with supporting calculations and all other schedules and workpapers related thereto (the "Support Materials"). No fact or event, including any market or business development, occurring after the Closing Date, and no change in Applicable Laws after the date of this Agreement, shall be taken into consideration in the determination of the Statement. If Buyer fails to deliver to Seller any of the Closing Date Balance Sheet, the Statement and the Support Materials within sixty (60) days after the Closing Date, then the Estimated Purchase Price Statement shall be deemed final and binding on Buyer and Seller and the Estimated Purchase Price shall be deemed the Final Purchase Price.

(c) For the purposes of this Agreement, each accounting term will have the meaning that is applied thereto in accordance with GAAP as in effect on December 31, 2014 and, to the extent consistent with GAAP as in effect on December 31, 2014, the accounting principles, policies, procedures and methodologies applied in preparing the balance sheet included in the Interim Financial Statements and the accompanying statement of operations. Each account included in the Estimated Purchase Price Statement, the Statement and the Closing Date Balance Sheet shall be: (i) calculated in accordance with GAAP as in effect on December 31, 2014, and, to the extent consistent with GAAP as in effect on December 31, 2014, utilizing the accounting principles, policies, procedures and methodologies applied in preparing the Financial Statements (without regard to materiality), including with respect to the nature or classification of accounts, and determining levels of reserves or levels of accruals (the "Accounting Principles"); and (ii) consistent with the books and records of the Companies and the definitions herein.

In addition, whether or not the Adjustment Time coincides with a fiscal quarter-end for the Companies, the fiscal quarter-end close procedures of Seller and its Affiliates applicable to the financial reporting protocols of the Companies shall be used for the preparation of the Estimated Purchase Price Statement, the Statement and the Closing Date Balance Sheet, including procedures with respect to accruals and adjustments. By way of illustration only, each of the Estimated Purchase Price Statement and the Statement shall be prepared in the form set forth on Exhibit A.

(d) The Closing Date Balance Sheet and the Statement shall become final and binding upon the parties on the thirtieth (30th) day following delivery thereof, unless Seller gives written notice of its disagreement with the Closing Date Balance Sheet and the Statement (a "Notice of Disagreement") to Buyer prior to such date. Any Notice of Disagreement shall specify in reasonable detail the nature of any disagreement so asserted. If Seller timely submits a Notice of Disagreement, then the Closing Date Balance Sheet and the Statement (as revised in accordance with this sentence) shall become final and binding upon Seller and Buyer on the earlier of: (i) the date Seller and Buyer resolve in writing any differences they have with respect to the matters specified in the Notice of Disagreement; or (ii) the date any disputed matters are finally resolved in writing by the Accounting Firm as set forth below. During the thirty (30) day period following the delivery of a Notice of Disagreement (the "Resolution Period"), Seller and Buyer shall seek in good faith to resolve any differences that they may have with respect to the matters specified in the Notice of Disagreement. Any disputed item resolved in writing by Buyer and Seller shall be deemed final, binding and conclusive on Buyer and Seller. If at the end of the Resolution Period any matters in the Notice of Disagreement remain in dispute, Seller and Buyer will submit to KPMG LLP or, if such firm is unable or unwilling to act, such other nationally recognized independent public accounting firm as shall be agreed upon by the parties hereto in writing (in any such case, the "Accounting Firm") for determination by the Accounting Firm, in accordance with this Section 1.04, any and all such unresolved matters. The Accounting Firm may conduct such proceedings as it believes, in its sole discretion, will assist in the determination of the unresolved matters; provided, that, except as Buyer and Seller may otherwise agree in writing, all communications between Buyer and Seller or any of their respective representatives, on the one hand, and the Accounting Firm, on the other hand, shall be in writing with copies simultaneously delivered to the non-communicating party. Buyer and Seller shall instruct the Accounting Firm to render a written decision resolving the matters submitted to the Accounting Firm within thirty (30) days of the receipt of such submission(s). The Accounting Firm's determination of such matters submitted to the Accounting Firm shall be final, binding and conclusive on Buyer and Seller, effective as of the date Buyer and Seller receive the Accounting Firm's written determination. The scope of the disputes to be resolved by the Accounting Firm shall be limited to whether the calculation of the Purchase Price reflected in the Statement strictly complies with this Section 1.04 and whether the Closing Date Balance Sheet and the Statement contain any mathematical errors. The Accounting Firm may not make any other determination and any other determination shall have no effect on the rights and obligations of the parties under this Agreement. The Accounting Firm shall address only those items in dispute and may not assign a value greater than the greatest value for such item claimed by either party or smaller than the smallest value for such item claimed by either party. Without limiting the generality of the foregoing, the Accounting Firm may not make any determination as to the accuracy of any representation or warranty in this Agreement or as to compliance by Seller with any of its covenants or agreements in this Agreement (other than in this Section 1.04) and any such determination shall have no effect on the rights and obligations of the parties under this Agreement. Any determinations by the Accounting Firm, and any work or analyses performed by the Accounting Firm, in connection with its determination of any dispute under this Section 1.04, shall not be admissible in evidence in any suit, action or proceeding involving this Agreement or the transactions contemplated under this Agreement other than to the extent necessary to enforce payment obligations under Section 1.04(e). Judgment may be entered upon the determination of the Accounting Firm in any court having jurisdiction over the party against which such determination is to be enforced. The cost of any fees and expenses of the Accounting

Firm pursuant to this Section 1.04 shall be borne by Buyer and Seller in inverse proportion as they may prevail on all matters in the aggregate resolved by the Accounting Firm, as determined by the Accounting Firm at the time it renders its determination on the aggregate net impact on the adjustment to the Estimated Purchase Price. For the avoidance of doubt and solely as an illustration of the methodology set forth in the preceding sentence, if (x) the Notice of Disagreement delivered by Seller assigns values to the disputed matters such that the Purchase Price set forth in the Statement would be increased by an aggregate amount equal to $1,000,000, (y) Buyer maintains that the Purchase Price set forth in the Statement is correct and (z) the Accounting Firm's final resolution of the disputed items in accordance with this Section 1.04(d) is that the Purchase Price is increased from the amount set forth in the Statement by $600,000 (i.e., sixty percent (60%) of the amount in dispute is resolved in favor of Seller), then Seller shall be responsible for forty percent (40%) of such cost of determination and Buyer shall be responsible for sixty percent (60%) of such cost of determination. The fees and disbursements of Buyer's independent accountants and Buyer's legal fees incurred in connection with its review of the Closing Date Balance Sheet, the Statement and any Notice of Disagreement shall be borne by Buyer, and the fees and disbursements of Seller's independent accountants and Seller's legal fees incurred in connection with its review of the Closing Date Balance Sheet, the Statement and any Notice of Disagreement shall be borne by Seller. The Purchase Price as finally determined pursuant to this Section 1.04 is referred to as the "Final Purchase Price."

(e) Within five (5) Business Days after the determination (or deemed determination) of the Final Purchase Price in accordance with this Section 1.04: (i) if the Final Purchase Price is greater than the Estimated Purchase Price, Buyer shall pay to Seller, by wire transfer of immediately available funds, cash in an amount equal to such excess; and (ii) if the Final Purchase Price is less than the Estimated Purchase Price, Seller shall pay to Buyer, by wire transfer of immediately available funds, cash in an amount equal to such deficit. If the Final Purchase Price is equal to the Estimated Purchase Price, neither Buyer nor Seller shall be required to make any payment pursuant to this Section 1.04.

(f) During the period of time from and after the Closing Date through the final determination of the Final Purchase Price in accordance with this Section 1.04, Buyer shall not alter the accounting books and records of the Companies, or the items reflected thereon, on which the Closing Date Balance Sheet and the Statement are to be based in any manner that would impact the calculation of the Final Purchase Price, the components thereof or the adjustments thereto. During the period of time from and after the Closing Date through the final determination of the Final Purchase Price in accordance with this Section 1.04, Buyer shall afford, and shall cause the Companies to afford, to Seller and its accountants, counsel and/or financial advisers involved in the transactions contemplated by this Agreement and the determinations in this Section 1.04, reasonable access during normal business hours to all the properties, books, contracts, personnel and records of the Companies relevant to all determinations in this Section 1.04.

(g) For the avoidance of doubt, each of the Purchase Price and the Final Purchase Price, the components thereof and adjustments thereto shall each be determined without duplication of any amounts contained therein. In addition and notwithstanding anything to the contrary contained in this Agreement, as more particularly described in Section 8.07, no Damages may be claimed under this Agreement by any Indemnified Party to the extent such Damages are included or otherwise reflected in the calculation of any adjustment to the Purchase Price pursuant to this Section 1.04.

ARTICLE II
CONDITIONS TO CLOSING

Section 2.01 Conditions to All Parties' Obligations. The obligations of Seller and Buyer to consummate the transactions contemplated by this Agreement are subject to the satisfaction of the following conditions as of the Closing Date, all or any portion of which may be waived, in whole or in part, by the parties in a writing signed by Seller and Buyer:

(a) The filings of Buyer and Seller pursuant to the HSR Act, if any, shall have been made and the applicable waiting period and any extensions thereof shall have expired or been terminated; and

(b) Except for any pending action or proceeding directly or indirectly initiated by the party asserting its right to not consummate the transactions contemplated by this Agreement, no Governmental Body of competent jurisdiction shall have: (i) enacted a law, rule or regulation that is in effect and renders the performance of this Agreement or the consummation of any of the material transactions contemplated by this Agreement illegal; or (ii) formally issued an injunction or other order that is in effect and prohibits the performance of this Agreement or the consummation of any of the transactions contemplated by this Agreement (each, a "Prohibitive Order").

Section 2.02 Conditions to Buyer's Obligations. The obligation of Buyer to consummate the transactions contemplated by this Agreement is subject to the satisfaction (or waiver by Buyer in its sole discretion) of the following conditions as of the Closing Date:

(a) (i) The representations and warranties of Seller in Section 3.04, Section 3.05, and Section 3.23 shall be true and correct in all respects as of the Closing Date with the same effect as though made at and as of such date, (ii) the representations and warranties of Seller in Section 3.08 shall be true and correct in all material respects (disregarding all qualifications or limitations as to materiality or "Material Adverse Effect" set forth therein) as of the Closing Date with the same effect as though made at and as of such date (except those representations and warranties that address matters only as of a specified date or time, which shall be true and correct in all respects as of that specified date or time) and (iii) all other representations and warranties of Seller contained in Article III shall be true and correct in all respects (disregarding all qualifications or limitations as to materiality or "Material Adverse Effect" set forth therein other than such qualifications or limitations with respect to Section 3.06 and Section 3.15(b)) as of the Closing Date with the same effect as though made at and as of such date (except those representations and warranties that address matters only as of a specified date or time, which shall be true and correct in all respects as of that specified date or time), except where the failure of such representations and warranties to be true and correct, individually or in the aggregate, would not have a Material Adverse Effect;

(b) With respect to: (i) Section 5.08, Section 5.09, and Section 5.15, Seller shall have performed all of the covenants, obligations and agreements required to be performed by it therein in all respects at or prior to the Closing; and (ii) all other covenants, obligations and agreements contained herein, Seller shall have performed in all material respects all of such covenants, obligations and agreements required to be performed by it under this Agreement at or prior to the Closing;

(c) Seller shall have delivered to Buyer a certificate of Seller, dated the Closing Date and executed by an executive officer of Seller, stating that the conditions specified in Section 2.02(a) and Section 2.02(b) have been satisfied;

(d) Seller shall have delivered to Buyer the certificates representing the Holdco Equity or, if the Holdco Equity is not certificated, duly executed transfer instruments conveying the Holdco Equity to Buyer;

(e) Buyer shall have received evidence reasonably satisfactory to it that: (i) all Liens on the Equity (other than Liens created by or on behalf of Buyer and applicable federal and state securities law restrictions) and all Liens (other than Permitted Liens) on any property or assets of the Companies shall have been discharged and released or will be discharged and released contemporaneously with Closing pursuant to documentation reasonably satisfactory to Buyer; and (ii) (as applicable) each Company shall have been released as a borrower or guarantor under any credit facility or indenture (which, for the avoidance of doubt, excludes any operating or capital leases) of Seller and its Affiliates;

(f) The Transition Services Agreement shall have been executed by PIC and delivered to Buyer;

(g) Since the date of this Agreement, there shall not have occurred and be continuing any Material Adverse Effect;

(h) Seller shall have delivered to Buyer a fully executed copy of a binding written agreement between PIC and Peabody Natural Resources Company, a Delaware limited liability company, to make any applicable elections pursuant to Section 336(e) of the Code in connection with the sale of the Holdco Equity;

(i) The "Contract Price" (as defined in the Subject Contract) in effect as of January 1, 2016 shall have been established in accordance with the terms of the Subject Contract;

(j) Seller shall have delivered to Buyer a certificate of non-foreign status meeting the requirements of U.S. Treasury Regulation Section 1.1445-2(b)(2); and

(k) The Restructuring as described in Section 5.14 shall be completed in the manner set forth in the Contribution and Restructuring Agreement (other than with respect to (i) the transfer of all Permits listed on Schedule 1(g)-3 of the Restructuring Agreement, to which, if any such Permits have not been transferred as of the Closing, the provisions of Section 9.08 hereof shall apply and (ii) the receipt of all Consents necessary to effect the Restructuring, if any, set forth on Schedule 3.03(b) hereof), including without limitation, the execution and delivery of the Subsidence Rights and Easement Agreements and Water Lease contemplated by the Contribution and Restructuring Agreement, and Seller shall have delivered to Buyer duly executed instruments (as applicable), evidencing the transfer of the equity interest of CO Holdco and NM Holdco to Southwest Holdco and otherwise evidencing the completion of the Restructuring in the manner set forth in the Contribution and Restructuring Agreement.

Section 2.03 Conditions to Seller's Obligations. The obligations of Seller to consummate the transactions contemplated by this Agreement are subject to the satisfaction (or waiver by Seller in its sole discretion) of the following conditions as of the Closing Date:

(a) The representations and warranties of Buyer contained in Article IV shall be true and correct in all respects (disregarding all qualifications or limitations as to materiality or "Buyer Material Adverse Effect" set forth therein) as of the Closing Date with the same effect as though made at and as of such date (except those representations and warranties that address matters only as of a specified date or time, which shall be true and correct in all respects as of that specified date or time), except where the failure of such representations and warranties to be true and correct, individually or in the aggregate, would not have or would not reasonably be expected to have a Buyer Material Adverse Effect;

(b) With respect to (i) Section 5.10(a), Buyer shall have performed all of the obligations required to be performed at or prior to the Closing therein by Buyer in all respects and (ii) all other covenants contained herein, Buyer shall have performed in all material respects all obligations, covenants and agreements required to be performed by it under this Agreement at or prior to the Closing;

(c) Buyer shall have delivered to Seller a certificate of Buyer, dated the Closing Date and executed by an executive officer of Buyer, stating that the conditions specified in Section 2.03(a) and Section 2.03(b) have been satisfied;

(d) The Transition Services Agreement shall have been executed by Buyer and delivered to PIC;

(e) Buyer shall have caused the Companies to deliver to Seller general releases of the officers and directors of the Companies, releasing and discharging each of them from any claims, actions, liabilities, damages, costs, expenses and attorneys' fees related to such persons acting in their capacity as directors or officers of the Companies, whether known or unknown or whether asserted or unasserted, which the Companies ever had or may have, except in connection with fraud; and

(f) Buyer shall have paid the Estimated Purchase Price to Seller in accordance with Section 1.02.

Section 2.04 Frustration of Closing Conditions. No party may rely on the failure of any condition set forth in this Article II to be satisfied if such failure was caused by such party's failure to act in good faith to comply with this Agreement and consummate the transactions contemplated in this Agreement.

Section 2.05 Effect of Closing. If the Closing occurs, all closing conditions set forth in Section 2.01, Section 2.02 and Section 2.03 that have not been fully satisfied as of the Closing shall be deemed to have been fully waived by Buyer or Seller (as applicable); provided, that, such waiver will not affect any right to indemnification pursuant to Section 5.03, Section 5.13, Section 8.01, Section 8.03, Section 9.08, or Section 9.11.

ARTICLE III
REPRESENTATIONS AND WARRANTIES OF SELLER

Except as set forth in the schedules hereto and delivered by Seller to Buyer on the date of this Agreement (the "Schedules"), Seller hereby represents and warrants to Buyer as follows:

Section 3.01 Organization and Standing. Seller, Southwest Holdco and each Target Company is a company duly organized, validly existing and in good standing under the laws of the State of Delaware. Southwest Holdco and each Target Company has full company power and authority necessary to enable such Company to own, lease or otherwise hold its respective properties and assets and to carry on its business as presently conducted and is or will be, as applicable, duly qualified to do business and in good standing in each jurisdiction in which the conduct or nature of its business or the ownership, leasing or holding of its properties makes such qualification necessary, except such jurisdictions where the failure to be so qualified or in good standing would not have a Material Adverse Effect. Seller has made available to Buyer a true and complete copy of the certificate of formation, limited liability company agreement, certificate of incorporation, bylaws and other governing documents (collectively, "Charter Documents") of Southwest Holdco and each Target Company.

Section 3.02 Authority; Execution and Delivery; Enforceability.

(a) Seller has all necessary company power and authority to execute, deliver and perform its obligations under this Agreement and to consummate the transactions contemplated hereby. The execution, delivery and performance by Seller of this Agreement and the consummation of the transactions contemplated hereby have been duly authorized by all necessary company action on the part of Seller. Seller has duly executed and delivered this Agreement, and this Agreement constitutes its valid and binding obligation, enforceable against it in accordance with its terms, except to the extent that enforcement may be affected by laws relating to bankruptcy, reorganization, insolvency and creditors' rights and similar laws and by the availability of injunctive relief, specific performance and other equitable remedies.

(b) Seller Guarantor has full power and authority to execute, deliver and perform its obligations under the Seller Guaranty, and to consummate the transactions contemplated hereby. The execution, delivery and performance by Seller Guarantor of the Seller Guaranty, and the consummation of the transactions contemplated hereby have been duly authorized by all necessary corporate action on the part of Seller Guarantor. Seller Guarantor has duly executed and delivered the Seller Guaranty and the Seller Guaranty constitutes its valid and binding obligation, enforceable against it in accordance with its terms, except to the extent that enforcement may be affected by laws relating to bankruptcy, reorganization, insolvency and creditors' rights and by the availability of injunctive relief, specific performance and other equitable remedies.

Section 3.03 No Conflicts; Consents.

(a) The execution and delivery by Seller of this Agreement, the performance by Seller of the terms hereof, the consummation of the transactions contemplated hereby and compliance by Seller with the terms hereof do not conflict with, or result in any violation or breach of or default (with or without notice or lapse of time, or both) under, or give rise to a penalty or to a right of termination, cancellation or acceleration of any obligation under, or result in the creation of any Lien upon any of the properties or assets of Seller or any of the Companies under, any provision of: (i) the Charter Documents of Seller or any of the Companies; (ii) any Contract to which Seller or any of the Companies is a party or by which any of their respective

properties or assets are bound; or (iii) any judgment, order or decree entered by or with any Governmental Body (a "Judgment") or Applicable Law applicable to Seller, any Company or their respective properties or assets, other than, in the case of clauses (ii) and (iii) above, any such items that would not have a Material Adverse Effect.

(b) No Permit or Consent is required to be obtained or made by or with respect to Seller or any Company or any of their respective properties or assets for the execution and delivery of this Agreement, the performance by Seller of the terms hereof, the consummation of the transactions contemplated hereby and compliance by Seller with the terms hereof, other than: (i) compliance with and filings under the HSR Act or any Antitrust Law set forth on Schedule 3.03(b); (ii) the Consents required to complete the Restructuring set forth on Schedule 3.03(b); (iii) Consents required under SMCRA set forth on Schedule 3.03(b), or (iv) any other Consent not referred to above, the failure of which to obtain or make would not have a Material Adverse Effect.

Section 3.04 Ownership of Equity.

(a) Seller is the record, legal and beneficial owner of the Holdco Equity free and clear of all Liens (other than Liens created by or on behalf of Buyer, applicable federal and state securities law restrictions and Liens terminated effective as of the Closing).

(b) On the Closing Date, Southwest Holdco will be the record, legal and beneficial owner of the Target Company Equity free and clear of all Liens (other than Liens created by or on behalf of Buyer, applicable federal and state securities law restrictions and Liens terminated effective as of the Closing). Set forth on Schedule 3.04(b) is an entity structure chart depicting the direct and indirect ownership of each Company (and the Equity) after giving effect to the Restructuring.

Section 3.05 Capitalization; Subsidiaries.

(a) Except for the Equity, there are no equity securities of the Companies issued, reserved for issuance or outstanding. All Equity is duly authorized, validly issued and fully paid, and is not subject to, and was not issued in violation of, any purchase option, call option, right of first refusal, pre-emptive right or any similar right provided for under Applicable Law or the Charter Documents, each as amended to the date of this Agreement, of Southwest Holdco or any Target Company or any Contract to which any Company or Seller is a party or otherwise bound. There are no options, warrants, rights, convertible or exchangeable securities, "phantom" equity rights, appreciation rights, performance units, commitments, Contracts, arrangements or undertakings of any kind to which any Company is a party or by which it is bound: (i) obligating such Company to issue, deliver or sell, or cause to be issued, delivered or sold, additional equity interests in, or any security convertible into or exercisable for or exchangeable into any equity interest in, such Company; or (ii) obligating such Company to issue, grant or enter into any such option, warrant, right, security, commitment, Contract, arrangement or undertaking. No Company has any obligation to repurchase, redeem or otherwise acquire any equity interests of such Company.

(b) Other than the Target Company Equity held by Southwest Holdco or by the Target Companies and the Baca Spur LP Interest, no Company owns, directly or indirectly, any equity securities of any Person.

(c) As of the Closing, Seller and its Affiliates (other than the Companies) will not hold any interest in LRCS Limited Partnership.

Section 3.06 Financial Statements. Schedule 3.06 sets forth: (a) an unaudited combined balance sheet of (i) CO Holdco and the Colorado Target Companies and (ii) NM Holdco and the New Mexico Target Companies as of December 31 in each of the years 2014 and 2013 and the related combined statement of operations of (x) CO Holdco and the Colorado Target Companies and (y) NM Holdco and the New Mexico Target Companies for each of years then ended; and (b) the unaudited combined balance sheet of (i) CO Holdco and the Colorado Target Companies and (ii) NM Holdco and the New Mexico Target Companies as of September 30, 2015 and the related combined statement of operations of (x) CO Holdco and the Colorado Target Companies and (y) NM Holdco and the New Mexico Target Companies for the portion of the current fiscal year of the Companies then ended (the "Interim Financial Statements" and, together with the financial statements described in part (a) above, the "Financial Statements"). The Financial Statements have been prepared, in all material respects, in a consistent manner in accordance with GAAP and fairly present in all material respects (subject to customary year-end adjustments for the Interim Financial Statements) the financial condition of (i) CO Holdco and the Colorado Target Companies and (ii) NM Holdco and the New Mexico Target Companies as of such dates and the results of operations of (x) CO Holdco and the Colorado Target Companies and (y) NM Holdco and the New Mexico Target Companies for such periods, all in accordance with GAAP.

Section 3.07 Assets Other than Real Property Interests or Intellectual Property.

(a) Schedule 3.07(a) sets forth a true, correct and complete list of all the material items of machinery, equipment, vehicles and other assets and tangible personal property solely used in, or substantially dedicated for use in, the Business as of the date hereof (the "Material Personal Property"). As of the Closing Date, the Companies collectively will have good and valid title to, or hold by a valid and existing lease or license for, the Material Personal Property, free and clear of all Liens other than Permitted Liens. Each item of the Material Personal Property is in good working order and repair (normal industry wear and tear excepted) and has been maintained in the Ordinary Course of Business.

(b) This Section 3.07 does not relate to real property or interests in real property (including the Contract Mining Rights) or Intellectual Property, such items being the subjects of Section 3.08 and Section 3.09, respectively.

Section 3.08 Real Property.

(a) Other than the real property included in the Excluded Assets, Schedule 3.08(a) sets forth a true, correct and complete list as of the date of this Agreement of all material real property and interests in real property, including surface and mineral interests, owned by the Seller or any of its Affiliates for use solely in, or substantially dedicated for use in, the Business (each individually, an "Owned Property").

(b) Schedule 3.08(b) contains a true, correct and complete list as of the date of this Agreement of all material real property and interests and rights in real property, including surface and mineral interests, leased, subleased, licensed or granted by easements, rights of way or similar agreements by the Seller or any of its Affiliates for use solely in, or substantially dedicated for use in, the Business (each individually, a "Leased Property").

(c) The Companies collectively have, or as of the Closing, will have, good and valid title to the leasehold estates in all Leased Property and good and valid title to the fee estates in all Owned Property, in each case free and clear of all Liens except Permitted Liens.

(d) In addition to the Owned Property and the Leased Property, Schedule 3.08(d) sets forth a true, correct and complete list as of the date of this Agreement of all contractual mining rights (other than Target Company Permits) held by or to which Seller or any of its Affiliates is a party or otherwise bound granting rights in respect of the Business (individually, a "Contract Mining Right" and collectively, the "Contract Mining Rights"). The Companies collectively have, or as of the Closing will have, good and valid contractual interests in the Contract Mining Rights, free of and clear of all Liens except the Permitted Liens. Within the twelve (12) month period prior to the date of this Agreement, neither Seller, the Companies nor their Affiliates have received written notice of any material adverse Claim against the title to or ownership of the Contract Mining Rights or any Proceeding to revoke any Contract Mining Rights.

(e) To Seller's knowledge, Schedule 3.08(e) sets forth a true, correct and complete list of the Water Rights used solely in, or substantially dedicated for use in, the Business (the "Target Water Rights"). To Seller's knowledge, the Target Water Rights have not expired, terminated or otherwise been forfeited, defeated, condemned, revoked or abandoned, provided that no representation or warranty is made with respect to title to, historical use of, or the quantity or quality of water available under, any individual water right or well permit included in the Target Water Rights.

(f) Except for the Excluded Assets, the Owned Property, Leased Property, Contract Mining Rights and Target Water Rights include all of the material owned real property, material leased real property, material contractual mining rights and material Water Rights held by Seller or any Affiliate of Seller (including the Companies) used solely in, or substantially dedicated for use in, the Business.

(g) Each Company has paid in full or accrued a liability in its books and records for all royalties due and payable by such Company under any coal lease included in the Leased Property or other Contract included in the Contract Mining Rights between a Company on the one hand and a Governmental Body or any other third party on the other hand.

(h) The Companies collectively have, or as of the Closing will have, good and valid title to or a good and valid leasehold interest in the facilities, fixtures, buildings and other improvements located on the Owned Property and Leased Property. To Seller's knowledge, the Companies collectively have rights of ingress and egress on the Owned Property and Leased Property.

(i) Notwithstanding anything elsewhere in this Agreement to the contrary, the representations and warranties in Section 3.08 are the sole and exclusive representations and warranties in this Agreement concerning Owned Property, Leased Property, Contract Mining Rights and Target Water Rights.

Section 3.09 Intellectual Property.

(a) To Seller's knowledge, no material Intellectual Property owned by the Companies (the "Company Intellectual Property Rights") is subject to any outstanding Lien, judgment, injunction, order or government determination materially restricting the use thereof by any Company or materially restricting the licensing or assignment thereof by the owner thereof to any Person, except as would not have a Material Adverse Effect. Within the twelve (12) month period prior to the date of this Agreement, none of the Companies has, to Seller's knowledge, received written notice of any Claim for infringement,

misappropriation or violation of the Intellectual Property of any third party, except for those which if adversely determined to a Company would not have a Material Adverse Effect.

(b) As of the date of this Agreement, there are no actions, lawsuits, cases, hearings, investigations or proceedings at law or in equity, by or before any Governmental Body or arbitration panel, mediator or arbitrator (a "Proceeding") pending or, to Seller's knowledge, overtly threatened in writing against a Company, for infringement, misappropriation or violation of the Intellectual Property of any third party, except for those which if adversely determined to a Company would not have a Material Adverse Effect.

(c) Notwithstanding anything elsewhere in this Agreement to the contrary, the representations and warranties in Section 3.09 are the sole and exclusive representations and warranties in this Agreement concerning Intellectual Property.

Section 3.10 Contracts.

(a) Other than Contracts concerning Owned Property, Leased Property, Contract Mining Rights, and Target Water Rights, and other than Contracts between or among any Companies or with any Affiliates of a Company (which are set forth on Schedule 3.19), Schedule 3.10 sets forth a true, correct and complete list of all Contracts outstanding as of the date of this Agreement of the following types to which any of the Companies is a party or is otherwise bound, to which any of Seller or its Affiliates (other than the Companies) is bound solely or substantially in respect of the Business, or by which any assets or properties used solely in, or substantially dedicated for use in, the Business is bound (each such contract, a "Material Contract"):

(i) Contract (other than purchase order or similar instrument) requiring the annual expenditure by a Company (or Seller or its Affiliate (other than any Company) in respect of the Business) of more than $1,250,000 in any instance for the purchase of materials, goods, supplies, equipment or services, excluding any such contract that is terminable by a Company (or by Seller or its Affiliate (other than any Company), as applicable) without penalty on not more than sixty (60) days' notice;

(ii) Contract expressly prohibiting or expressly restricting the ability of any Company to conduct any line of business;

(iii) Contract under which a Company (or Seller or its Affiliate (other than any Company) in respect of the Business) has borrowed any money from, or issued any note, bond, debenture or other evidence of indebtedness to, any Person or any other note, bond, debenture or other evidence of indebtedness of a Company (or Seller or its Affiliate (other than any Company) in respect of the Business) (other than trade accounts payable incurred in the Ordinary Course of Business, any intercompany indebtedness repaid or cancelled on or before Closing and any intercompany indebtedness between or among any of the Companies) in any such case which, individually, is in excess of $500,000;

(iv) Contract (including any so-called take-or-pay or keepwell agreements) under which: (A) any Person other than the Companies, has guaranteed indebtedness, liabilities or obligations of any Company; or (B) a Company (or Seller or its Affiliate (other than any Company) in respect of the Business) has guaranteed indebtedness, liabilities or obligations of any Person other than another Company (in each case other than endorsements for the purpose of collection or arrangements that will be terminated prior to or concurrent with Closing), in any such case which, individually, is in excess of $500,000;

(v) Contract under which a Company (or Seller or its Affiliate (other than any Company) in respect of the Business) has made any advance, loan, extension of credit or capital contribution to a Person (other than extensions of trade credit and other advances of operating expenses in the Ordinary Course of Business), in any such case which, individually, is in excess of $500,000;

(vi) Contract (other than in the Ordinary Course of Business) in excess of $500,000 that involves any exchange traded, over the counter or other swap, cap, floor, collar, futures contract, forward contract, option or any other derivative financial instrument or contract, based on any commodity, security, instrument, asset, rate, or index of any kind or nature whatsoever, whether tangible or intangible, including commodities, emissions allowances, renewable energy credits, currencies, interest rates, foreign currency and other indices, in any case with respect to any assets of a Company (or of Seller or its Affiliate (other than any Company) solely used in, or substantially dedicated for use in, the Business);

(vii) Contract relating to the acquisition or disposition by any Company of any business (whether by merger, sale of stock, sale of assets or otherwise), entity or joint venture or partnership;

(viii) Contract for the sale of any material asset of any Company (or of Seller or its Affiliate (other than any Company) that is used solely in, or substantially dedicated for use in, the Business) (other than inventory sales and dispositions of obsolete or excess assets in the Ordinary Course of Business) or the grant of any preferential rights to purchase any such asset;

(ix) Contract involving the annual expenditure or receipt by any Company (or Seller or its Affiliate (other than any Company) in respect of the Business) of more than $5,000,000 for the purchase, sale, transportation or storage of coal sourced from the mining operations conducted by the Business;

(x) Contract granting to the Companies (or Seller or its Affiliate (other than any Company) in respect of the Business) any license or right to use any material Company Intellectual Property Rights, or Contract pursuant to which the Companies (or Seller or its Affiliate (other than any Company) in respect of the Business) have granted any third Person any license or right to use any material Company Intellectual Property Rights (in each case, other than (A) non-exclusive license agreements granted in the Ordinary Course of Business, and (B) off-the shelf and other commercially available software licenses);

(xi) all Contracts that provide any customer of the Business with pricing, discounts or benefits with respect to the purchase of coal sourced from the mining operations conducted by the Business that change based on the pricing, discounts or benefits offered to other customers of any Company or the Business, including any Contract which contains a "most favored nation" provision; and

(xii) Contract (other than as addressed in clauses (i) through (xi) above) that requires aggregate annual payments by any Company to any Person in excess of $1,250,000 that cannot be terminated on not more than sixty (60) days' notice without payment by any Company (or Seller or its Affiliate (other than any Company) in respect of the Business) of any penalty other than as set forth above and other than purchase and sale orders entered into in the Ordinary Course of Business.

(b) Each Material Contract listed on Schedule 3.10 is, or as of the Closing will be, a valid and binding obligation of the Company party thereto and, to Seller's knowledge, each counterparty thereto, and is in full force and effect and is enforceable in accordance with its terms against the Company party thereto, and, to Seller's knowledge, each counterparty thereto, except: (i) to the extent that enforcement may be affected by laws relating to bankruptcy, reorganization, insolvency and creditors' rights and by the availability of injunctive relief, specific performance and other equitable remedies; (ii) to the extent that any

such listed Material Contract has expired or terminated pursuant to its terms; and (iii) for such failures to be valid, binding, in full force and effect or enforceable that would not have a Material Adverse Effect. No Company is (with or without notice or lapse of time, or both) in breach or default under any Material Contract to which it is a party and, to Seller's knowledge, no other party to any Material Contract is (with or without notice or lapse of time, or both) in breach or default thereunder, except for such non-compliance, breaches and defaults that would not have a Material Adverse Effect.

Section 3.11 Tax Matters.

(a) Each Company has timely filed (or will timely file) all Tax Returns that are required to be filed by it (after giving effect to extensions timely filed). Each such Tax Return is true, correct and complete in all material respects. Each Company has paid or will timely pay all Taxes shown as due thereon and all other material Taxes payable by it, except where such Taxes are being contested in good faith by appropriate proceedings for which adequate reserves have been provided in the Financial Statements in accordance with GAAP. All Tax withholding and deposit requirements imposed on or with respect to each Company have been satisfied in full in all material respects. There are no Liens (other than Permitted Liens) currently existing, pending or, to Seller's knowledge, threatened with respect to any of the assets of any Company that arose in connection with any failure (or alleged failure) to pay any Tax.

(b) There is no audit, dispute, assessment, levy, administrative or judicial Proceeding or, to Seller's knowledge, any Claim concerning any deficiency or proposed adjustment for any amount of Tax or with respect to Tax Returns of or with respect to any Company pending, proposed, or threatened by any taxing authority. No Company has waived, nor within the twelve (12) months preceding the date of this Agreement did any Company receive any written request from a taxing authority to waive, any statute of limitations in respect of any material Taxes.

(c) No Company is a party to or bound by any Tax allocation agreement or Tax sharing agreement, or any indemnity agreements or arrangements, other than tax-related provisions of leases, loan agreements and similar agreements entered into in the Ordinary Course of Business.

(d) None of the property of any Company is held in an arrangement that is a partnership within the meaning of Subchapter K of Chapter 1 of the Code, and no Company owns any interest in any controlled foreign corporation (as defined in Section 957 of the Code), passive foreign investment company (as defined in Section 1297 of the Code), or other entity (other than another Company) the income of which is required to be included in the income of such Company.

(e) No Company will be required to include any item of income in, or exclude any item of deduction from, taxable income for any taxable period (or portion thereof) ending after the Closing Date as a result of any: (i) change in method of accounting for a taxable period ending on or prior to the Closing Date; (ii) closing agreement, as described in Section 7121 of the Code (or any corresponding or similar provision of state, local, or foreign Tax law) executed on or prior to the Closing Date; (iii) intercompany transaction or any excess loss account described in the U.S. Treasury Regulations under Section 1502 of the

Code (or any corresponding or similar provision of state, local, or foreign Tax law) entered into or created on or prior to the Closing Date; (iv) installment sale or open transaction disposition made on or prior to the Closing Date; (v) cash method of accounting or long-term contract method of accounting utilized prior to the Closing Date; or (vi) prepaid amount received on or prior to the Closing Date.

(f) To Seller's knowledge, neither any Company, Seller or any of Seller's Affiliates received written notice within the twelve (12) month period prior to the date of this Agreement from any taxing authority proposing reassessment (for property or ad valorem tax purposes) for any asset or any property owned by any Company except for current year ad valorem assessments.

(g) No Company is a party to any agreement with any taxing authority that would be terminated or adversely affected as a result of the transactions contemplated by this Agreement.

(h) No Company has: (i) claimed any deduction, credit, or other tax benefit by reason of any "tax shelter" within the meaning of former Section 6111(c) of the Code and the U.S. Treasury Regulations thereunder or any "confidential corporate tax shelter" within the meaning of former Section 6111(d) of the Code and the U.S. Treasury Regulations thereunder; or (ii) purchased or otherwise acquired an interest in any "potentially abusive tax shelter" within the meaning of U.S. Treasury Regulation Section 301.6112-1. No Company is, or has been, a party to, or a promoter of, a "listed transaction" within the meaning of Section 6707A(c)(2) of the Code and Treasury Regulations Section 1.6011-4(b)(2).

(i) Within the three-year period ending as of the date of this Agreement, no Company has been a "distributing corporation" or a "controlled corporation" (within the meaning of Section 355(a)(1)(A) of the Code).

(j) No Company has granted a power of attorney with respect to any matter relating to Taxes other than any powers of attorney that will be terminated at Closing.

(k) Each Company has been treated as a disregarded entity for U.S. federal Income Tax purposes since its formation. With respect to each Company listed on Schedule 3.11 which is an entity other than an entity organized as a corporation, no such Company has made an election on IRS Form 8832 to be treated as a corporation for U.S. federal income tax purposes within the past sixty (60) months.

(l) Notwithstanding anything elsewhere in this Agreement to the contrary, the representations and warranties in Sections 3.11, 3.13(f), 3.13(g), 3.13(j), 3.13(k), 3.13(l) and 3.24 are the sole and exclusive representations and warranties in this Agreement concerning Taxes and Tax Returns.

Section 3.12 Proceedings. There is no material Proceeding pending or, to Seller's knowledge, threatened against a Company affecting any of its properties or assets (or by or against Seller or any Affiliate thereof and relating to a Company), and, to Seller's knowledge, no Company is subject to any outstanding Judgment under any Applicable Law.

Section 3.13 Employee Benefit Plans.

(a) The term "Plan" means each Employee Benefit Plan providing benefits to any current or former employee, consultant, officer or director of any of the Companies or any beneficiary or dependent thereof, or that any Company sponsors, maintains or contributes to, or with respect to which the Companies have or are reasonably expected to have any liability. Schedule 3.13(a) identifies each material Plan, separately

indicating those Plans sponsored directly and solely by a Company or Companies (the "Subsidiary Plans"), and all other Plans not so identified that are sponsored by the Seller or one of its Affiliates (other than the Companies) are hereinafter referred to as the "Seller Plans." The term "Employee Benefit Plan" means each: (i) "employee benefit plan," as such term is defined in Section 3(3) of the Employee Retirement Income Security Act of 1974, as amended ("ERISA"); and (ii) each other (A) equity bonus, equity ownership, option,

restricted equity, equity purchase, equity appreciation rights, phantom equity, or other equity-based compensation plan or arrangement; (B) bonus plan or arrangement, incentive award plan or arrangement, deferred compensation agreement or arrangement, executive compensation or supplemental income or retirement arrangement, personnel policy, vacation or paid time off policy, severance pay plan, policy or agreement, change in control agreement, consulting agreement, or employment agreement; and (C) other employee benefit plan, agreement, arrangement, program, practice or understanding providing for employee benefits or for the remuneration, direct or indirect, of employees, former employees, directors, officers, consultants, independent contractors, contingent workers or leased employees or the dependents of any of them (whether written or oral, other than workers' compensation, unemployment compensation and other governmental programs).

(b) True, correct and complete copies of each of the Subsidiary Plans, and related trusts, if applicable, including all amendments thereto, have been delivered or made available to Buyer. There has also been delivered or made available to Buyer, with respect to each Subsidiary Plan and to the extent applicable: (i) the most recent annual or other report filed with each Governmental Body with respect to each such Subsidiary Plan, including all applicable schedules and audited financial statements attached thereto; (ii) each insurance contract and other funding agreement and all amendments thereto; (iii) the most recent summary plan description, all material employee communications and any summaries of material modifications thereto; (iv) the most recent audited financial statements or accounts and actuarial report or valuation required to be prepared under Applicable Laws; and (v) the most recent determination letter or opinion letter issued by the Internal Revenue Service.

(c) The terms of each Subsidiary Plan allow for amendment or termination of such Plan at any time without any material liability except for benefits accrued to date.

(d) No Subsidiary Plan is: (i) a plan subject to Title IV of ERISA or the minimum funding standards of Section 302 of ERISA or Section 412 of the Code; (ii) a "multiemployer plan" as defined in Section 3(37) of ERISA; (iii) a plan described in Section 413 of the Code; or (iv) a plan funded through a trust that is intended to be exempt from federal income taxation pursuant to Section 501(c)(9) of the Code.

(e) Except as would not have a Material Adverse Effect, no "reportable event" (as defined under Section 403 of ERISA), other than any "reportable event" occurring as a result of the consummation of the transactions contemplated by this Agreement, has occurred within the prior six (6) years with respect to any Plan (including any Seller Plan) or any plan established or maintained by any ERISA Affiliate of a Company. The term "ERISA Affiliate" means any Person that, together with a Company and Seller, would be deemed a "single employer" within the meaning of Section 414(b), (c), (m) or (o) of the Code. The Companies, Seller, or an ERISA Affiliate have previously or currently maintain, sponsor, participate in or contribute to one or more Pension Plans (as defined in Section 3(2) of ERISA) subject to Title IV of ERISA or Section 412 of the Code (each, a "Seller Pension Plan") and as of the Closing Date: (i) no legal or administrative action has been taken by the Pension Benefit Guaranty Corporation (the "PBGC") to terminate or to appoint a trustee to administer a Seller Pension Plan has occurred in the pass three (3) years; (ii) no liability to the PBGC under Title IV of ERISA has been incurred by the Companies or an ERISA Affiliate that is delinquent or in dispute; and (iii) no Seller Pension Plan has incurred any event described in Section

4062 or 4063 of ERISA. No complete or partial termination of any Plan subject to Title IV of ERISA has occurred or is expected to occur and no proceedings have been instituted and, to Seller's knowledge, no condition exists and no event has occurred that could constitute grounds under Title IV of ERISA to terminate or appoint a trustee to administer any Plan. Except for payments of premiums to the PBGC, which have been paid when due, Seller, its ERISA Affiliates, and the Companies have not incurred any liability (including

any indirect, contingent or secondary liability) to the PBGC in connection with any Plan, or ceased operations at any facility or withdrawn from any such Plan in a manner which could lead to liability under Sections 4062, 4063 or 4064 of ERISA, and, to Seller's knowledge no facts or circumstances exist that might give rise to any liability of the Companies or any ERISA Affiliate to the PBGC under Title IV of ERISA that could reasonably be anticipated to result in any claims being made against the Companies or Buyer by the PBGC ("PBGC Claims"). There does not now exist, nor do any circumstances exist that would reasonably be expected to result in, any Liability under (A) Title IV of ERISA, (B) Section 302 of ERISA, or (C) Sections 412 and 4971 of the Code, in each case, that would be a material liability of any Company following the Closing.

(f) Each Plan has been established, documented, administered, funded and operated in compliance in all material respects with Applicable Laws and its governing documents, except for instances of non-compliance as would not have a Material Adverse Effect. Each of the Plans intended to be qualified under Section 401(a) of the Code: (i) is maintained pursuant to a prototype document approved by the Internal Revenue Service or has received a currently effective favorable determination letter from the Internal Revenue Service regarding such qualified status, and has not been amended or operated in a way which would reasonably be expected to adversely affect such qualified status; or (ii) still has a remaining period of time in which to apply for or receive such letter and to make any amendments necessary to obtain a favorable determination without penalty under applicable IRS guidance.

(g) There has been no transaction with respect to any Plan for which the Companies would reasonably be expected to be subject to a material liability for either a civil penalty assessed pursuant to Section 502(i) of ERISA or a Tax imposed by Section 4975 of the Code.

(h) Except as would not have a Material Adverse Effect, there are no Proceedings pending (other than routine claims or appeals for benefits) or, to Seller's knowledge, threatened against, or with respect to, any of the Subsidiary Plans, their fiduciaries or administrators or their assets.

(i) Neither the execution and delivery of this Agreement nor the consummation of the transactions contemplated hereunder will (either alone or upon the occurrence of any additional event not initiated by or at the behest of Buyer): (i) result in any payment becoming due to any employee, former employee, officer, consultant or director of any Company; (ii) materially increase any amounts or benefits otherwise payable under any Subsidiary Plan; (iii) result in the acceleration of the time of payment or vesting of any such benefits under any Subsidiary Plans; or (iv) result in the incurrence or acceleration of any other obligation of the Companies related to the Subsidiary Plan or to any employee or former employee of any Company.

(j) In connection with the consummation of the transactions contemplated by this Agreement, no payments of money or property, acceleration of benefits or provisions of other rights have or will be made hereunder, under the Plans or under any other agreement which would be reasonably likely to result, separately or in the aggregate, in the payment or provision (whether in connection with any termination of employment or otherwise) of any "excess parachute payment" within the meaning of Section 280G of the
Code with respect to a current or former employee or current or former consultant or contractor of any of the Companies.

(k) Except as would not have a Material Adverse Effect, each Plan that is a "non-qualified deferred compensation plan" (within the meaning of Section 409A(d)(1) of the Code) subject to Section 409A of the Code has been operated and administered, in all material respects, in compliance with Section 409A of the Code and any guidance issued thereunder, to the extent applicable to such plan.

(l) Except to the extent required pursuant to Section 4980B of the Code and the corresponding provisions of ERISA, no Subsidiary Plan provides retiree medical or retiree life insurance benefits to any Person and no Company is a party to or bound by any Contract or other obligation (other than pursuant to participation in a Seller Plan) to provide any Person with life insurance or medical benefits upon retirement or termination of employment.

(m) No Plan is subject to or governed by the laws of a nation other than the United States.

(n) Notwithstanding anything elsewhere in this Agreement to the contrary, the representations and warranties in this Section 3.13 are the sole and exclusive representations and warranties in this Agreement concerning Plans and other matters addressed in this Section 3.13.

Section 3.14 Labor Matters and Employees.

(a) Schedule 3.14(a) identifies for the following, in each case as of the date of this Agreement:

(i) for each employee of a Company, his or her: (A) name, job title, employing entity, principal employment location, original hire date, service date and current classification status as exempt or non-exempt; (B) accrued and unused vacation and other paid time off; (C) current annualized salary (or hourly rate of pay); and (D) leave status (including type of leave, duration of leave and expected return date);

(ii) any increase scheduled to become effective after the date of this Agreement in the total compensation or rate of total compensation (including bonus, profit-sharing, pension benefits and other compensation) payable by a Company to any employee or individual contractor of a Company; and

(iii) all presently outstanding loans and advances made by a Company to, or made to a Company by, any current or former manager, director, officer, employee or contractor of a Company.

(b) No Company is a party to any collective bargaining agreement or other Contract with any labor organization or other representative of any Company employees, nor is any such agreement presently being negotiated by any Company. To Seller's knowledge, no labor union or representative thereof claims to or is currently seeking to represent any such employees.

(c) There are no unfair labor practice complaints pending or, to Seller's knowledge, threatened against the Companies before the National Labor Relations Board or any other labor relations tribunal or authority.

(d) There are no strikes, work stoppages, slowdowns, lockouts, material arbitrations or material grievances, or other material labor disputes pending or, to Seller's knowledge, threatened against the Companies.

(e) During the twelve (12)-month period preceding the date of this Agreement, to Seller's knowledge, no labor organization or group of employees of the Companies has filed any representation petition or made any written demand for recognition.

(f) During the twelve (12)-month period preceding the date of this Agreement, to Seller's knowledge, no Company received any written notice from any employee, former employee or a Governmental Body alleging non-compliance with Applicable Laws respecting labor and employment, including all Applicable Laws relating to employment and employment practices, terms and conditions of employment, wages, overtime pay, employee leave, non-discrimination and non-retaliation, payment of employment-related taxes, recordkeeping, FLSA compliance, employee and independent contractor classification, hours of work and occupational safety and health, except for violations and non-compliance that would not have a Material Adverse Effect.

(g) To Seller's knowledge, none of the Companies, Seller or any of Seller's Affiliates received any written notice within the twelve (12)-month period preceding the date of this Agreement from the Mine Safety and Health Administration or any other Governmental Body that threatened to file any citation, and, to Seller's knowledge, there are no pending citations, against a Company relating to any current or former employee of any Company.

(h) To Seller's knowledge, none of the Companies, Seller or any of Seller's Affiliates received written notice within the twelve (12)-month period preceding the date of this Agreement from any Governmental Body of the filing of any: (i) violation or Proceeding under the FLSA asserting claims against a Company for failure to pay wages or overtime, (ii) Proceeding asserting claims against a Company for sexual harassment, discrimination or retaliation or involving any termination of employment by a current or former employee of any Company; or (iii) audit of any Company by the Office of Federal Contractor Compliance Programs.

(i) During the twelve (12)-month period preceding the date of this Agreement, no Company has effectuated: (i) a "plant closing" (as defined in the U.S. Worker Adjustment and Retraining Notification Act of 1988 (the "WARN Act")) affecting a Company's site of employment or facility; or (ii) a "mass layoff" (as defined in the WARN Act) affecting a Company's site of employment or facility, nor has a Company engaged in layoffs or employment terminations sufficient in number to trigger application of any similar state or local law.

(j) To Seller's knowledge, during the twelve (12)-month period preceding the date of this Agreement, no Company has received written notice of any pending or threatened investigation from any Governmental Body regarding the classification of any independent contractor engaged by any Company as an independent contractor in the conduct of the Business.

(k) Schedule 3.14(k) sets forth as of the date of this Agreement, to Seller's knowledge: (i) each Claim for payments and/or benefits payable by Seller or any of its Affiliates (including any Company) to any current or former employee of the Companies who are or have been disabled from pneumoconiosis (black lung disease) arising from employment in or around the coal mines of the Companies (and/or any death benefits to any such former employees' dependent survivors if such black lung disease caused or hastened such employee's death) (each such Person, a "Claimant"), all pursuant to the Black Lung Benefits Act (30 USC Sec. 901) under Part C of Title IV of the Federal Mine Safety and Health Act, as amended as of the date hereof, that has been: (A) filed by a Claimant; or (B) received in writing by Seller or any of its Affiliates; and (ii) whether such claim has been approved for payment or disputed by Seller, any of its Affiliates or such representative thereof.

(l) Notwithstanding anything elsewhere in this Agreement to the contrary, the representations and warranties in Section 3.14 are the sole and exclusive representations and warranties in this Agreement concerning the subject matter addressed in this Section 3.14.

Section 3.15 Absence of Changes or Events. Except as contemplated by this Agreement and as reflected in the Interim Financial Statements, from the Balance Sheet Date to the date of this Agreement (a) each Company has conducted its business in the Ordinary Course of Business and (b) there has not been a Material Adverse Effect.

Section 3.16 Absence of Undisclosed Liabilities. Except as reflected in, reserved against or otherwise described in the Financial Statements (including the notes thereto), none of (i) CO Holdco and the Colorado Target Companies, or (ii) NM Holdco and the New Mexico Target Companies has any liabilities of the type required to be reflected on a combined balance sheet of (x) CO Holdco and the Colorado Target Companies, or (y) NM Holdco and the New Mexico Target Companies prepared in accordance with GAAP, applied on a basis consistent with the accounting principles specified in Section 1.04(c), except for those: (a) incurred in the Ordinary Course of Business since the Balance Sheet Date; (b) reflected on Schedule 3.16; or (c) satisfied at or before Closing.

Section 3.17 Compliance with Applicable Laws. Each Company currently conducts, and during the twelve (12) month period preceding the date of this Agreement, has conducted, its business in compliance with all Applicable Laws other than any violations or non-compliance that would not have a Material Adverse Effect.

Section 3.18 Environmental Matters.

(a) Schedule 3.18(a) sets forth a true, correct and complete list of all Permits issued and effective as of the date of this Agreement used in the Business under Environmental Laws ("Environmental Permits") and also identifies all pending applications for new Permits or modifications to existing Permits and the status of those applications.

(b) All Environmental Permits identified on Schedule 3.18(a) are valid under Environmental Laws according to their terms and are currently in full force and effect and, where required by applicable Environmental Law, timely and substantially complete applications for renewal of such Environmental Permits have been filed with the appropriate Governmental Body in the Ordinary Course of Business. To Seller's knowledge, none of the Companies, Seller or any of their Affiliates have received written notice from any Governmental Body stating that any pending application for renewal or a new Permit or a modification to an existing Permit will not be granted, or that any Permit is subject to cancellation, revocation or modification.

(c) Each Company is in compliance with all requirements of each of its Environmental Permits other than any violations or non-compliance that would not have a Material Adverse Effect.

(d) None of the Companies, Seller or any of Seller's Affiliates are subject to any material Claim made in writing or any Proceeding pending under any Environmental Law including any that seek or relate to the revocation of or material adverse modification to any Environmental Permit.

(e) The Business is conducted in compliance with applicable requirements of Environmental Laws other than any violations or non-compliance that would not have a Material Adverse Effect.

(f) To Seller's knowledge, there have been no Releases of any Hazardous Substances by Seller, the Companies or any of their Affiliates on any Owned Property, Leased Property or Contract Mining

Rights in violation of applicable Environmental Laws or Environmental Permits that would have a Material Adverse Effect.

(g) Schedule 3.18(g) sets forth a true, correct and complete list, as of the date of this Agreement, of each Company Bond, including the amounts thereof, posted by a Company or any of its Affiliates on behalf of a Company or otherwise in connection with the Business as required for the conduct of the Business.

(h) To Seller's knowledge, no Company is a party to a Contract whereby such Company has assumed, retained or agreed to indemnify or defend a third party for liabilities arising under Environmental Laws that would have a Material Adverse Effect.

(i) None of the Companies, Seller or any of their Affiliates have received written notice from any Governmental Body or any other party alleging that the operation of the Business and the state of reclamation with respect to the Company Bonds are not "current" or in "deferred status" regarding reclamation obligations.

(j) No real property currently owned operated or leased by any of the Companies or, to Seller's knowledge, formerly owned, operated or leased by any of the Companies is listed on, or has been formally proposed for listing on, the National Priorities List or the Comprehensive Environmental Response, Compensation, and Liability Information System or any similar state list.

(k) Notwithstanding anything elsewhere in this Agreement to the contrary, the representations and warranties in Section 3.18 are the sole and exclusive representations and warranties in this Agreement concerning Environmental Laws, Environmental Permits, Hazardous Substances, Company Bonds and other matters addressed in this Section 3.18.

Section 3.19 Transactions with Affiliates. Schedule 3.19 lists as of the date of this Agreement, all Contracts between or among the Companies, on the one hand, and (a) Seller or any other Affiliate of Seller or (b) any officer, director or employee of Seller or any other Affiliate of Seller (other than any Plan and company indemnity obligations), on the other hand.

Section 3.20 Customers and Suppliers.

(a) Schedule 3.20(a) sets forth a true, correct and complete list of the top ten (10) end-use customers for coal sourced from the mining operations conducted by the Business, measured by revenues generated from the sale of such coal, for the year ended December 31, 2014, showing the

approximate total sales to each such customer attributed to the sale of such coal for the year ended December 31, 2014. None of Seller, Peabody COALSALES, LLC or any Company received any written notice within the twelve (12) month period preceding the date of this Agreement from any customer set forth on Schedule 3.20(a) stating that such customer intends to terminate or materially reduce, or materially change the terms of, its business with any of the Companies or Peabody COALSALES, LLC with respect to the mining operations conducted by the Business.

(b) Schedule 3.20(b) sets forth a true, correct and complete list of the top ten (10) suppliers of the Companies, measured by expenditures made solely in respect of the Business, for the year ended December 31, 2014, showing the approximate total expenditures made solely in respect of the Business to each such supplier for the year ended December 31, 2014. None of Seller or any Company received any

written notice within the twelve (12) month period preceding the date of this Agreement from any supplier set forth on Schedule 3.20(b) stating that such supplier intends to terminate or materially reduce, or materially change the terms of, its business with any of the Companies or solely in respect of the Business (other than in the Ordinary Course of Business).

Section 3.21 Permits; Parent Guarantee.

(a) Schedule 3.21(a) sets forth a true, correct and complete list of all material Permits (other than Environmental Permits) issued as of the date of this Agreement and used solely in, or substantially dedicated for use in, the operation of the Business under Applicable Laws, including all Permits issued to Seller or one of its Affiliates under Applicable Laws authorizing coal mining, preparation, load out or reclamation operations currently conducted by the Business ("Target Company Permits") and also identifies all pending applications for new Permits or modifications to, or renewals of existing Target Company Permits and the status of those applications.

(b) All Target Company Permits identified on Schedule 3.21(a) are valid under Applicable Laws according to their terms and are currently in full force and effect and, to Seller's knowledge, where required by Applicable Law, timely and substantially complete applications for renewal of the Target Company Permits have been filed with the appropriate Governmental Body in the Ordinary Course of Business. To Seller's knowledge, none of the Companies, Seller or any of their Affiliates received written notice from any Governmental Body stating that any pending application for renewal or a new Permit or a modification to an existing Permit will not be granted.

(c) Each Target Company is in compliance with all requirements of each of its Target Company Permits other than any violations or non-compliance that would not have a Material Adverse Effect.

(d) To Seller's knowledge, none of the Companies, Seller or any of Seller's Affiliates received any written notice within the twelve (12) month period preceding the date of this Agreement from any Governmental Body of any Proceeding involving any revocation or modification to any Target Company Permit.

(e) Schedule 3.21(e) sets forth a true, correct and complete list, as of the date of this Agreement, of each Parent Guarantee.

(f) Notwithstanding anything elsewhere in this Agreement to the contrary, the representations and warranties in Section 3.21 are the sole and exclusive representations and warranties in this Agreement concerning Target Company Permits and Parent Guarantees.

Section 3.22 Insurance.

(a) Schedule 3.22(a) sets forth a true, correct and complete list as of the date of this Agreement of all policies of property, fire, casualty, liability, life, workmen's compensation and other forms of insurance in force with respect to or maintained for the benefit of the Business or the Companies and their assets and properties.

(b) As of the date of this Agreement, there is no material Claim relating to the Business or the Companies or their businesses or assets pending under any insurance policy listed on Schedule 3.22(a). The premiums due and payable under such insurance policies prior to the date hereof have been paid. During the twelve (12) month period preceding the date of this Agreement, each of the Companies, Seller

and its Affiliates have complied in all material respects with each such insurance policy and, to Seller's knowledge, none of the Companies, Seller or its Affiliates failed to give any notice or present any claim arising from the business conducted by the Companies under any insurance policies listed on Schedule 3.22(a) in due and timely fashion.

Section 3.23 Brokerage. No agent, broker, investment banker, financial advisor or other Person, other than Morgan Stanley & Co., LLC, the fees and expenses of which will be paid by Seller, is entitled to any broker's, finder's or financial advisor's fee or commission in connection with the transactions contemplated by this Agreement based upon arrangements made by or on behalf of Seller.

Section 3.24 Unclaimed Property and Escheatment Claims. To Seller's knowledge, no unsatisfied unclaimed property or escheatment claims exist with respect to any of the Companies or their respective assets.

Section 3.25 Ownership of Assets. Except (a) for the exclusion of the Excluded Assets and (b) for the exclusions described in Section 9.09, and assuming the completion of the Restructuring, and acknowledging that the Business has historically been operated with support from Seller and its Affiliates (other than the Companies), the Companies own or have the right to use all of the material assets used solely in, or substantially dedicated for use in, the Business, in the Ordinary Course of Business.

Section 3.26 No Other Representations and Warranties. Except for the representations and warranties contained in this Article III (including the related portions of the Schedules), none of Seller, the Companies or any other Person has made or makes any other express or implied representation or warranty, either written or oral, on behalf of Seller or any of the Companies with respect to Seller, any Company, its or their respective assets or business, the Equity, the Business, the execution and delivery of this Agreement or the consummation of the transactions contemplated by this Agreement, including any representation or warranty as to the accuracy or completeness of any information regarding any of the Companies furnished or made available to Buyer and its representatives (including any information, documents or material made available to Buyer whether in any "Data Rooms", "Virtual Data Rooms" or otherwise, management presentations, information memorandums or in any other form or any statement made by Seller or any of its Affiliates or advisors in expectation of the transactions contemplated hereby) or as to the future revenue, profitability or success of the Companies, or any representation or warranty arising from statute or otherwise in law.

ARTICLE IV
REPRESENTATIONS AND WARRANTIES OF BUYER

Buyer hereby represents and warrants to Seller as follows:

Section 4.01 Organization, Standing and Power. Buyer is a limited liability company duly formed, validly existing and in good standing under the laws of the State of Delaware and has full company power and authority necessary to enable it to own, lease or otherwise hold its properties and assets and to carry on its business as presently conducted.

Section 4.02 Authority; Execution and Delivery; Enforceability.

(a) Buyer has full power and authority to execute, deliver and perform its obligations under this Agreement and to consummate the transactions contemplated hereby. The execution, delivery and performance by Buyer of this Agreement and the consummation of the transactions contemplated hereby have been duly authorized by all necessary company action on the part of Buyer. Buyer has duly executed

and delivered this Agreement, and this Agreement constitutes its valid and binding obligation, enforceable against it in accordance with its terms, except to the extent that enforcement may be affected by laws relating to bankruptcy, reorganization, insolvency and creditors' rights and by the availability of injunctive relief, specific performance and other equitable remedies.

(b) Buyer Guarantor has full power and authority to execute, deliver and perform its obligations under the Buyer Guaranty, and to consummate the transactions contemplated hereby. The execution, delivery and performance by Buyer Guarantor of the Buyer Guaranty, and the consummation of the transactions contemplated hereby have been duly authorized by all necessary corporate action on the part of Buyer Guarantor. Buyer Guarantor has duly executed and delivered the Buyer Guaranty and the Buyer Guaranty constitutes its valid and binding obligation, enforceable against it in accordance with its terms, except to the extent that enforcement may be affected by laws relating to bankruptcy, reorganization, insolvency and creditors' rights and by the availability of injunctive relief, specific performance and other equitable remedies.

Section 4.03 No Conflicts; Consents.

(a) The execution and delivery by Buyer of this Agreement, the performance by Buyer of the terms hereof, the consummation of the transactions contemplated hereby and compliance by Buyer with the terms hereof do not and will not conflict with, or result in any violation of or default (with or without notice or lapse of time, or both) under, or give rise to a right of termination, cancellation or acceleration of any obligation under, or result in the creation of any Lien upon any of the properties or assets of Buyer or any of its Subsidiaries under, any provision of: (i) the Charter Documents of Buyer or any of its Subsidiaries; (ii) any Contract to which Buyer or any of its Subsidiaries is a party or by which any of their respective properties or assets is bound; or (iii) any Judgment or Applicable Law applicable to Buyer or any of its Subsidiaries or their respective properties or assets, other than, in the case of clauses (ii) and (iii) above, any such items that, individually or in the aggregate, would not have or reasonably be expected to have a Buyer Material Adverse Effect.

(b) No Consent is required to be obtained or made by or with respect to Buyer or any of its Subsidiaries in connection with the execution and delivery of this Agreement and the consummation of the transactions contemplated hereby other than: (i) compliance with and filings under the HSR Act or any Antitrust Law (set forth on Schedule 4.03(b)); and (ii) any other Consent the failure of which to obtain or make, individually or in the aggregate, would not have or reasonably be expected to have a Buyer Material Adverse Effect.

Section 4.04 Litigation. As of the date of this Agreement, there are no: (a) outstanding Judgments against Buyer or any of its Subsidiaries; (b) Proceedings pending or, to Buyer's knowledge, threatened in writing against Buyer or any of its Subsidiaries; or (c) investigations by any Governmental Body that are, to Buyer's knowledge, pending or threatened against Buyer or any of its Subsidiaries that, in any case, individually or in the aggregate, have had or would reasonably be expected to have a Buyer Material Adverse Effect.

Section 4.05 Brokerage. No agent, broker, investment banker, financial advisor or other Person, other than Deutsche Bank Securities, Inc., the fees and expenses of which will be paid by Buyer, is entitled to any broker's, finder's or financial advisor's fee or commission in connection with the transactions contemplated by this Agreement based upon arrangements made by or on behalf of Buyer.

Section 4.06 Investment Representation. Buyer is acquiring the Equity for its own account with the intention of holding such securities for investment purposes and not with a view to, or for sale in connection with, any distribution of such securities in violation of any federal or state securities laws. Buyer is an "accredited investor" as defined in Regulation D promulgated by the SEC under the Securities Act. Buyer acknowledges that it is informed as to the risks of the transactions contemplated hereby and of ownership of the Equity. Buyer acknowledges that the Equity has not been registered under any securities laws and may not be sold, transferred, offered for sale, assigned, pledged, hypothecated or otherwise disposed of except in accordance with applicable securities laws.

Section 4.07 Financial Ability.

(a) Buyer has delivered to Seller a true, correct and complete copy of the agreement dated the date hereof by and among Bowie Resource Partners, LLC ("BRP") and Louisville Resources LLC, a Delaware limited liability company (the "Equity Investor") (such agreement, the "Equity Commitment Letter") relating to the Equity Investor's equity investment in BRP on the terms contemplated thereby (the "Equity Financing").

(b) Except as expressly set forth in the Equity Commitment Letter, there are no conditions precedent to the obligations of the Equity Investor to provide the Equity Financing or any contingencies that would permit the Equity Investor to reduce the total amount of the Equity Financing.

(c) The Equity Commitment Letter is a valid and binding obligation of Buyer and, to Buyer's knowledge, the counterparties thereto, and is in full force and effect and is enforceable in accordance with its respective terms, except to the extent that enforcement may be affected by laws relating to bankruptcy, reorganization, insolvency and creditors' rights and by the availability of injunctive relief, specific performance and other equitable remedies, and no event has occurred that, with or without notice or lapse of time, or both, would reasonably be expected to constitute a material default, breach or failure to satisfy a condition precedent on the part of Buyer under the terms and conditions of the Equity Commitment Letter, other than any such default, breach or failure that has been waived by the Equity Investor or otherwise cured in a timely manner by Buyer to the satisfaction of the Equity Investor; provided, that, Buyer is not making

any representation regarding the effect of the inaccuracy of the representations and warranties in Article III. The Equity Commitment Letter has not been amended, restated or otherwise modified or waived on or prior to the date of this Agreement and, except as agreed to in writing by Seller, as of the Closing Date, and the commitments contained in the Equity Commitment Letter have not been withdrawn, modified or rescinded on or prior to the date of this Agreement, except as agreed by Seller in writing. Buyer has paid in full any and all commitment fees or other fees or expenses required to be paid pursuant to the term of the Equity Commitment Letter on or before the date of this Agreement.

(d) As of the date of this Agreement, Buyer is pursuing the Debt Financing in good faith in an amount which, together with the Equity Financing, will provide Buyer with sufficient funds to consummate the Closing.

Section 4.08 Solvency. Upon and immediately after the consummation of the transactions contemplated hereby, Buyer and the Companies will not: (a) be insolvent or left with unreasonably small capital; (b) have incurred debts beyond their ability to pay such debts as they mature; or (c) have liabilities in excess of the reasonable market value of their assets. No transfer of property is being made and no obligation is being incurred in connection with the transactions contemplated hereby with the intent to hinder, delay or defraud either present or future creditors of any of Buyer and its Subsidiaries, including the

Companies. In connection with the transactions contemplated hereby, Buyer has not incurred, nor plans to incur, debts beyond its ability to pay as they become absolute and matured.

Section 4.09 Qualifications as Lessee; Coal Acreage Limitations.

(a) Buyer and its Affiliates are qualified in every respect, including limitations and parameters imposed in 43 C.F.R. Part 3400, to take, hold, own and control federal coal and mineral leases. The acquisition, directly or indirectly, by Buyer of the Holdco Equity and its interests in the Target Companies will not cause Buyer or any of its Affiliates to violate any limitations or parameters imposed in 43 C.F.R. Part 3400.

(b) As of the execution and delivery hereof and after giving effect to the purchase of the Holdco Equity and Southwest Holdco's interest in the Target Companies, Buyer and its Affiliates will not exceed the coal acreage lease or permit limit set forth in 30 U.S.C. Section 184.

Section 4.10 Permit Blocking. Neither Buyer nor any of its Affiliates has been notified (nor to Buyer's knowledge is there any pending or threatened notification) by the Federal Office of Surface Mining or the agency of any state administering SMCRA that Buyer or any of its Affiliates is: (a) ineligible to receive surface mining permits; or (b) under investigation to determine whether its eligibility to receive a SMCRA permit should be revoked (*i.e.* "permit blocked"). To Buyer's knowledge there is no basis for any matter set forth in clause (a) or (b).

Section 4.11 Independent Investigation. Buyer acknowledges and agrees, for itself, its successors and assigns, and other Buyer Indemnified Parties, that: (a) in making its decision to enter into this Agreement and to consummate the transactions contemplated hereby, Buyer has relied solely upon its own investigation and upon consultations with Buyer's legal, technical and financial advisors and the express representations and warranties of Seller set forth in Article III of this Agreement (including the related portions of the Schedules); (b) Buyer placed no reliance upon any representations or warranties, any financial projections, estimates or forecasts, mine plans, designs, exploration results, field work, engineering work or other technical work or any information, documents, or materials made available to Buyer or any of its legal, technical or

financial advisors in "Data Rooms", "Virtual Data Rooms", management presentations, information memoranda or in any other form or any statement made by Seller or any of its Affiliates or advisors in expectation of the transactions contemplated hereby other than the representations and warranties of Seller contained in Article III of this Agreement; and (c) except as expressly set forth in Article III of this Agreement (including the related portions of the Schedules) and, subject to the foregoing, Buyer acquires the Equity and the Companies on an "AS IS, WHERE IS" basis.

Section 4.12 No Other Representations and Warranties. Except for the representations and warranties contained in this Article IV, none of Buyer or any other Person has made or makes any other express or implied representation or warranty, either written or oral, on behalf of Buyer with respect to the execution and delivery of this Agreement and the consummation of the transactions contemplated by this Agreement.

ARTICLE V
CERTAIN PRE-CLOSING COVENANTS

Section 5.01 Confidentiality.

(a) Buyer acknowledges and agrees that, prior to Closing, all information received from or on behalf of Seller or any of the Companies in connection with the transactions contemplated in this Agreement shall be deemed received pursuant to the Confidentiality and Nondisclosure Agreement, dated as of June 25, 2015, between PIC and BRP (the "Confidentiality Agreement") and, except as otherwise permitted by this Agreement, prior to Closing, Buyer shall, and shall cause its officers, directors, managers, owners, employees, Affiliates, advisors, consultants, agents and other representatives to, comply with the provisions of the Confidentiality Agreement with respect to such information and the provisions of the Confidentiality Agreement are hereby incorporated herein by reference with the same effect as if fully set forth herein.

(b) Seller shall, or shall cause its relevant Affiliate to, assign to one of the Companies effective as of the Closing all rights any such entity has under any confidentiality or non-disclosure agreement related to the Companies or any of their properties or assets as of the Closing.

Section 5.02 Conduct of the Business.

(a) Except as set forth on Schedule 5.02(a) or as required or expressly contemplated by the terms of this Agreement or consented to in writing by Buyer (which consent Buyer will not unreasonably withhold, delay or condition) or except as required by Applicable Law or any Governmental Body, from the date of this Agreement to the Closing Date, Seller shall cause each of the Companies to: (i) use commercially reasonable efforts to conduct their business in the Ordinary Course of Business; (ii) to the extent consistent therewith, use commercially reasonable efforts to keep substantially intact their business and to keep available the services of principal officers and key employees; and (iii) make capital expenditures consistent with the Budgeted Capital Expenditures subject to deviations therefrom that may occur in the Ordinary Course of Business in connection with mine development and operations.

(b) In addition (and without limiting the generality of the foregoing), except as set forth on Schedule 5.02(b) or as required or expressly contemplated by the terms of this Agreement or consented to in writing by Buyer (which consent Buyer will not unreasonably withhold, delay or condition) or except as required by Applicable Law or any Governmental Body, Seller shall not and shall not cause or permit any

of its Affiliates (including any Company) to do, and shall prevent each of its Affiliates (including any Company) from doing, any of the following, without the prior written consent of Buyer (which consent shall not be unreasonably withheld, conditioned or delayed):

(i) amend the Charter Documents of the Companies;

(ii) issue any equity interest in any of the Companies or any option, warrant or right relating thereto or any securities convertible into or exchangeable for any equity interest in any of the Companies;

(iii) adopt or amend in any material respect any material Plan (or any plan that would be a Plan if adopted) except in each case (A) as required by any existing agreement or Plan, (B) in connection with actions that are not specifically targeted at Company Employees or (C) in the Ordinary Course of Business; provided, that, none of the Companies shall be restricted from entering into or making available to newly hired employees or to employees in the context of promotions based on job performance or workplace requirements, in each case in the Ordinary Course of Business, plans, agreements, benefits and compensation arrangements that have a value that is consistent with the past practice of making compensation and benefits available to newly hired or promoted employees in similar positions;

(iv) grant to any officer or employee of any Company, or who will be an officer or employee of any Company as of the Closing any increase in compensation or benefits, except as may be required under any existing agreement or Plan and for annual compensation adjustments in the Ordinary Course of Business; provided, that, the foregoing shall not restrict any Company from entering into or making available to newly hired employees or to employees in the context of promotions based on job performance or workplace requirements, in each case in the Ordinary Course of Business, plans, agreements, benefits and compensation arrangements that have a value that is consistent with the past practice of making compensation and benefits available to newly hired or promoted employees in similar positions;

(v) voluntarily recognize any labor union or other employee representative, or enter into any collective bargaining agreement or other Contract with any labor union or representative with respect to any Company Employees or to which any Company would be a party, except as otherwise required by Applicable Laws;

(vi) (A) engage or hire, other than in the Ordinary Course of Business, or terminate the service relationship or employment of, other than for cause or in the Ordinary Course of Business, any individual contractor or employee of any Company, or who will be an officer or employee of any Company as of the Closing, or (B) transfer the employment or service relationship of any individual contractor or employee to or from a Target Company, other than pursuant to Section 6.01(g);

(vii) impose any Liens on any of the assets of any Company, or any assets expressly contemplated by the Restructuring Agreement to be transferred to any Company, other than Permitted Liens or Liens released at Closing;

(viii) redeem or purchase any equity interests of a Company;

(ix) make any loans, advances or capital contributions to any other Person outside of the Ordinary Course of Business or which would be an obligation of the Company as of the Closing;

(x) pay, loan or advance any amount to, or enter into any Contract between any Company, on the one hand, and Seller or any of its Affiliates, on the other hand except for: (A) transactions between or among the Companies; (B) cash dividends, cash distributions or transfers of cash to equity holders of the Companies; (C) intercompany transactions in the Ordinary Course of Business; and (D) payments, loans or advances made pursuant to existing agreements;

(xi) cancel any material debts owed to or waive any material Claims or material rights of the Companies or with respect to any of the assets of any Company, or any assets expressly contemplated by the Restructuring Agreement to be transferred to any Company;

(xii) cause any Company to make any capital expenditure in excess of $1,000,000 in the aggregate (other than (A) capital expenditures made in accordance with the Budgeted Capital Expenditures or (B) in connection with an emergency, as reasonably determined by Seller or any Company);

(xiii) make any material change in the accounting methods or practices, collection policies, pricing policies or payment policies used by any of the Companies, except as required by GAAP or applicable securities listing standards;

(xiv) cause any Company to acquire by merging or consolidating with, or by purchasing a substantial portion of the equity interests or assets of, or by any other manner, any business or any corporation, partnership, association or other business organization or division thereof;

(xv) sell, lease, license or otherwise dispose of any assets of any Company, or any assets expressly contemplated by the Restructuring Agreement to be transferred to any Company, except inventory and obsolete or excess equipment or other assets sold or disposed of in the Ordinary Course of Business;

(xvi) amend in any material respect or terminate any Material Contract, enter into any Contract that would be a Material Contract or that would otherwise require disclosure on the Schedules in response to the representations and warranties made by Seller in Article III if entered into prior to the date hereof, or waive or assign any material right under any Material Contract or any other Contract disclosed on the Schedules prepared in response to the representations and warranties made by Seller in Article III, in each case other than in the Ordinary Course of Business;

(xvii) enter into any lease of real property solely used in, or substantially dedicated for use in, the Business, except in the Ordinary Course of Business (provided that any such lease would not require consent of the counterparty to (x) assign to a Company or (y) consummate the transactions contemplated by this Agreement);

(xviii) make or change any material Tax election of any Company, make any material change in any method of Tax accounting of any Company or any Tax accounting period of any Company, file any material amended Tax return of any Company, waive or extend the statute of limitations applicable to, or settle, compromise or surrender (or enter into any closing agreement with respect to), any material Tax liability or refund of any Company, except in each case as required under the Ordinary Course of Business;

(xix) exercise the option set forth in Section 6.2.3 of the PRB Agreement (as defined in the Subject Contract); or

(xx) authorize any of, or commit or agree to take, whether in writing or otherwise, any of the foregoing actions.

(c) Nothing contained in this Agreement shall give Buyer, directly or indirectly, the right to control or direct any Company's operations prior to Closing. Each Company shall exercise, consistent with the terms and conditions of this Agreement, complete control and supervision over its business, assets and operations.

Section 5.03 Access to Books and Records. From the date hereof until the Closing Date, Seller shall provide Buyer and its representatives with reasonable access during normal business hours and upon reasonable notice to the offices, properties, books and records of the Companies and Seller to the extent relating to the transition of the ownership of the Companies and their businesses to Buyer; provided, that, (a) such access does not unreasonably interfere with the normal operations of Seller or any of the Companies; (b) all requests for such access shall be directed in writing to Seller or such other Person as Seller may designate in writing from time to time; (c) Seller shall not be required to disclose any information if Seller reasonably determines that: (i) information is subject to attorney-client privilege to the extent doing so would reasonably be expected to cause such privilege to be waived; or (ii) disclosure may contravene any Applicable Laws, including any Antitrust Law, fiduciary duty or agreement; (d) Buyer shall cause all personnel and other representatives of Buyer seeking on-site access to the properties of the Companies and Seller to sign

any waivers or releases of the Companies and Seller as the Companies and Seller may reasonably require prior to such access and to comply with all applicable safety procedures and protocols of the Companies and Seller during their visit to such properties; and (e) the conduct of Buyer's Environmental Assessments shall be further subject to the provisions of Section 5.13. The parties will use commercially reasonable efforts to make appropriate substitute disclosure arrangements under circumstances in which the preceding sentence applies to the extent commercially practicable. In addition to and not in limitation of Section 3.26 and the terms of the Confidentiality Agreement, Seller makes no representation or warranty as to the accuracy of any information (if any) provided pursuant to this Section 5.03, and Buyer may not rely on the accuracy of any such information, in each case other than as expressly set forth in the representations and warranties contained in Article III. The information provided pursuant to this Section 5.03 will be used solely for the purpose of evaluating and effecting the transactions contemplated hereby and is otherwise subject to the requirements of Section 5.01. Buyer shall indemnify, defend and hold harmless Seller and its Affiliates (including, prior to the Closing, the Companies) from and against all Damages or claims resulting from or relating to death or bodily injury or damage to real or personal property resulting from or relating to the activities of any Person under this Section 5.03 unless caused by the gross negligence or willful misconduct of Seller or its Affiliates (including, prior to the Closing, the Companies) or their respective employees or contractors.

Section 5.04 Efforts.

(a) On the terms and subject to the conditions of this Agreement, each party shall use its reasonable best efforts to cause the Closing to occur as promptly as practicable, including taking all actions necessary to comply promptly with all legal requirements that may be imposed on it or any of its Affiliates with respect to the Closing. Each party hereto shall not take, and shall prevent their respective Affiliates from taking, any actions that would, or that would reasonably be expected to, result in the failure of any of the conditions set forth in Article II. This Section 5.04(a) shall not apply to: (i) the actions of the parties addressed by Section 5.04(c); (ii) the actions of the parties addressed by Section 5.04(e) through Section 5.04(i); or (iii) the actions of the parties addressed by Section 5.10(b).

(b) Without limiting the generality of the foregoing and except as required to consummate the transactions contemplated in this Agreement, Buyer will not take, and shall prevent its Affiliates from taking, any action, including incurring any indebtedness, issuing any securities or acquiring (including by merger, consolidation or acquisition of equity interests or assets) or disposing of any assets or equity interests, in each case that would, or that could reasonably be expected to, have an adverse effect on the receipt or timing of receipt of any approval, consent, authorization, action or inaction required to consummate the transactions contemplated in this Agreement. In using its respective reasonable best efforts, each of Seller and Buyer shall cooperate in all respects with each other in connection with any filing or submission to any Governmental Body and in connection with any investigation or other inquiry related to any Applicable Law and shall promptly: (i) furnish to the other party hereto such necessary information and reasonable assistance as the other may request in connection with its preparation of any filing or submission that is necessary or advisable under any Applicable Law; (ii) inform the other party of any material communication from any Governmental Body regarding any of the transactions contemplated by this Agreement, including any inquiries or requests for information from any Governmental Body; (iii) permit counsel for the other party, with reasonable notice and subject to Applicable Law, to review in advance, and consider in good faith the views of the other party in connection with any proposed communication to any Governmental Body in connection with the transactions contemplated by this Agreement; and (iv) provide counsel for the other party with copies of all filings made by such party, and all correspondence between such party (and its advisors) with any Governmental Body and any other information supplied by such party and such party's Subsidiaries or Affiliates to a Governmental Body or received from such a Governmental Body in connection

with the transactions contemplated by this Agreement; provided, however, that materials may be redacted (x) to remove references concerning the valuation of the Companies; and (y) as necessary to comply with contractual arrangements or Applicable Law. Each of Seller and Buyer agree not to participate, or to permit their Affiliates to participate, in any substantive meeting or discussion, either in person or by telephone, with any Governmental Body in connection with the transactions contemplated by this Agreement unless it consults with the other party in advance and, to the extent not prohibited by such Governmental Body, gives the other party the opportunity to attend and participate. This Section 5.04(b) shall not apply to (i) the actions of the parties addressed by Section 5.04(c), (ii) the actions of the parties addressed by Section 5.04(e) through Section 5.04(i), or (iii) the actions of the parties addressed by Section 5.10(b).

(c) Prior to the Closing, each party hereto shall, and shall cause its Affiliates to, use commercially reasonable efforts to obtain, and to cooperate in obtaining, all Permits and Consents from third parties necessary or appropriate to permit the consummation of the transactions contemplated by this Agreement including the Restructuring; provided, that, no party or its Affiliates shall be required to pay or commit to pay any amount to (or incur any obligation in favor of) any Person from whom any such Permit or Consent may be required (other than nominal filing or application fees with any Governmental Body). To the extent that the rights of Seller or its Affiliates under any Permits or Contracts contemplated by the preceding sentence may not be assigned without the Consent of a third party which has not been obtained prior to the Closing, this Agreement shall not constitute an agreement to assign the same unless and until such Consent has been obtained or is no longer required. If any such Consent is not obtained as of the Closing or if an attempted assignment would be ineffective or would adversely affect a party's rights such that a Company or Buyer would not in fact receive all such rights to any such Contract or Permit, Seller and Buyer will cooperate in a mutually agreeable arrangement under which the relevant Company would obtain, to the extent practicable, all rights and assume the corresponding Liabilities thereunder, including by means of sub-contracting, sub-licensing or sub-leasing arrangement, or under which Seller would enforce, or cause its Affiliates, as appropriate, to enforce, for the benefit of such Company, with such Company assuming and agreeing to pay the Seller's and its Affiliate's obligations and expenses, any and all rights of Seller or its Affiliates against third parties; provided, that, (i) if any such Consent required in connection with any coal sales agreement applicable to the Business is not obtained as of Closing or (ii) if any such Consent required in connection with any master leasing agreement set forth on Schedule 5.04(c)(ii) is not obtained as of Closing without modification of the economic terms of such master leasing agreements, then, in each case Buyer and Seller will follow the additional procedures set forth on Schedule 5.04(c)(i) and Schedule 5.04(c)(ii), respectively. From and after the Closing, Seller shall, and shall cause its Affiliates to, exercise or exploit their respective rights and options under each such Contract (including the right to elect to terminate such Contract in accordance with the terms thereof) only as reasonably directed by Buyer and at Buyer's sole cost. This Section 5.04(c) shall not apply to the actions of the parties addressed by Section 5.10(b).

(d) In using its respective reasonable best efforts, each of Seller and Buyer, subject to Applicable Law, shall not: (i) agree to extend any waiting period under Applicable Law without the prior written consent of the other party; (ii) enter into any agreement with any Governmental Body not to consummate the transactions contemplated by this Agreement without the prior written consent of the other party; or (iii) take any other action that would be reasonably likely to prevent consummation of the transactions contemplated by this Agreement prior to the Termination Date; provided, that, Buyer may conduct a Pull and Refile consistent with Section 5.05(b).

(e) Buyer shall use reasonable best efforts to take, or cause to be taken, all actions and do, or cause to be done, all things necessary, proper or reasonably advisable to consummate, and obtain the proceeds of, debt financing (the "Debt Financing"), together with the Equity Financing, in an amount sufficient

to consummate the transactions contemplated by this Agreement (the "Financing"). In the event that all conditions to the Equity Commitment Letter have been satisfied, or upon funding will be satisfied, Buyer shall use reasonable best efforts to cause the Equity Investor to fund on the Closing Date the Equity Financing as necessary to cause the Closing to occur on the date on which the Closing is to occur pursuant to Section 1.03. Buyer shall provide all information reasonably requested by Seller in connection with the status, completion and other matters addressed in this Section 5.04(e) and shall use reasonable best efforts to permit, in consultation and coordination with Buyer, Seller and its Affiliates and their respective officers, employees, advisors and representatives to meet with Buyer's financing sources promptly upon Seller's request.

(f) Prior to the Closing, subject Section 5.04(g) and Section 5.04(h), Seller shall, and shall cause the Companies to, use commercially reasonable efforts to cause their respective directors, officers, employees, consultants and advisors, including legal and accounting advisors, to provide to Buyer, all reasonable cooperation reasonably requested by Buyer to assist Buyer in connection with the Financing, including to: (i) promptly provide Buyer (and on behalf of Buyer to its financing sources and their respective representatives) with the Required Information; (ii) cause senior management and other representatives to participate in a reasonable number of meetings, presentations, due diligence sessions, sessions with prospective financing sources and their representatives, and sessions with rating agencies, in each case, at reasonable times and locations mutually agreed; (iii) assist Buyer or on behalf of Buyer its financing sources with the preparation of materials for rating agency and investor presentations, bank information memoranda, confidential information memoranda, marketing materials and similar documents required in connection with the Financing; (iv) provide appropriate representations consistent with those contained in Article III of this Agreement in connection with the preparation of financial statements and other financial data of the Companies and cause Seller's independent auditors to provide reasonable and customary assistance and cooperation in connection with the Companies' financial information in the Financing; (v) facilitate the preparation on behalf of Buyer of guarantees, pledging of collateral of the Companies in connection with the Debt Financing, including executing and delivering any customary guarantee, pledge and security documents, or other definitive financing documents or other customary certificates (including a solvency certificate), or documents as may be reasonably requested by Buyer to facilitate any guarantee, obtaining and perfection of security interests in collateral from and after the Closing (provided that any obligations contained in such documents shall be effective no earlier than as of the Closing); (vi) provide to Buyer (and on behalf of Buyer to its financing sources) all documentation and other information related to the Companies required by regulatory authorities under applicable "know your customer" and anti-money laundering rules and regulations, including the PATRIOT Act; (viii) take corporate action (subject to the occurrence of the Closing) reasonably necessary to permit the completion of the Financing; (ix) provide reasonable access to the lenders to evaluate the Companies' inventory, current assets, cash management and accounting systems, and policies and procedures relating thereto for the purpose of establishing collateral arrangements (including allowing access for field exams and inventory appraisals); and (x) assist with the payoff of existing indebtedness of the Companies on the Closing Date from the proceeds of the Financing and the release of related liens on the Closing Date upon confirmation of payment from the proceeds of the Financing (including obtaining customary payoff letters prior to Closing, and after confirmation of payoff the delivery and release of lien terminations and other instruments of discharge and possessory collateral, if any).

(g) Buyer shall, promptly upon request of Seller, reimburse Seller for all reasonable out-of-pocket and documented costs (including reasonable and documented out-of-pocket attorneys' fees) incurred by Seller or any of its Affiliates in connection with Seller's obligations in Section 5.05(f) (the "Cooperation Covenant"). Buyer shall indemnify and hold harmless Seller, its Subsidiaries and its and their respective officers, directors, employees, agents, Affiliates and representatives from and against any and all Damages suffered or incurred by them in connection with their obligations under the Cooperation Covenant or the financing contemplated by the Debt Financing and any information utilized in connection therewith,

except to the extent such Damages arise from (x) fraud, gross negligence or willful misconduct by any such Person or (y) breach of any representation or warranty set forth in Section 3.06.

(h) Nothing in the Cooperation Covenant shall require Seller or its Affiliates to (i) pay any fees, reimburse any expenses or give any indemnities or incur any cost or Liability (in the case of the Companies, prior to the Closing Date), (ii) cause its directors to adopt or pass any resolutions or consents approving the agreements, documents and instruments authorizing the execution of the Debt Financing (other than in the case of directors that will remain as directors of the Companies after Closing only, and provided that such resolutions or consents would be effective only following the Closing) or otherwise incur any Liability with respect thereto, (iii) provide any assistance to the extent it would materially interfere with the day-to-day operations of the Business, (iv) execute or deliver any certificate, document or agreement in connection with the Debt Financing unless the effectiveness of such certificate, document or agreement is contingent upon the occurrence of the Closing or (iv) provide any solvency opinion (as opposed to a solvency certificate) or legal opinion or other opinion of counsel, or any information that would, in the reasonable opinion of Seller, result in a violation of Applicable Law or loss of attorney-client privilege.

(i) Notwithstanding anything to the contrary in this Agreement, the Cooperation Covenant shall be deemed satisfied and Seller shall not be deemed to have breached or failed to perform or observe any covenants, obligations or other agreements contained in any Cooperation Covenant, in each case, unless promptly upon becoming aware of an alleged breach or failure to perform or observe any Cooperation Covenant, and in any event no later than ten (10) Business Days prior to the Termination Date, Buyer provides a written notice to Seller specifying in reasonable detail such breach or failure and the specific steps required to be taken by Seller to cure such alleged breach or failure to perform or observe such Cooperation Covenant in a commercially reasonable and practicable manner consistent with such Cooperation Covenant, and Seller has not cured or caused to be cured such alleged material breach or failure to perform or observe such Cooperation Covenant within five (5) Business Days of such notice.

Section 5.05 Antitrust Efforts.

(a) Each of Seller and Buyer shall use its respective reasonable best efforts, and shall cause their respective Subsidiaries and Affiliates to use their respective reasonable best efforts to obtain termination of any waiting periods relating to the HSR Act or other Antitrust Law, and to remove each and every other impediment relating the HSR Act or other Antitrust Law that would prevent consummation of the transactions prior to the Termination Date.

(b) In using its respective reasonable best efforts, each of Seller and Buyer shall file or cause to be filed with the FTC and the Antitrust Division of the DOJ the Notification and Report Form for Certain Mergers and Acquisitions, if any, required for the transactions contemplated by this Agreement either within eighteen (18) Business Days following the execution and delivery of this Agreement or within such time as the parties hereto may agree in writing and thereafter as promptly as reasonably practicable provide any information, documents, or material requested in connection therewith pursuant to the HSR Act, including responding to inquiries and requests from the FTC or DOJ (including requests for production of documents or production of witnesses for interviews, hearings, or depositions) and complying, in accordance with Applicable Law, with any request for additional information or documentary material made pursuant to 15 U.S.C. Section 18a(e)(1)(A) (a "Second Request"). Any such Notification and Report Form and supplemental information shall be in substantial compliance with the requirements of the HSR Act and other Applicable Law. If either Buyer or Seller determines that a withdrawal and re-filing of Buyer's Notification and Report Form for Certain Mergers and Acquisitions (a "Pull and Refile") will enable the parties to expedite Closing,

Buyer shall conduct a Pull and Refile in compliance with FTC Rule 16 C.F.R. 803.12 and any other Applicable Law as promptly as practicable.

(c) In using its respective reasonable best efforts, each of Seller and Buyer shall as promptly as reasonably practicable: (i) make such other filings as are necessary to comply with Antitrust Law in other jurisdictions; and (ii) provide any information requested by applicable Governmental Bodies relating to Antitrust Law including responding to inquiries and requests for production of documents or production of witnesses for interviews, hearings, or depositions and complying with any request from a Governmental Body similar to a Second Request. Any such filings and information shall be in substantial compliance with Applicable Law.

(d) Buyer's obligation to use reasonable best efforts is further understood to require Buyer, its Subsidiaries and Affiliates to, between the date hereof and the Termination Date, take any and all steps necessary, proper, or advisable to avoid or eliminate each and every impediment, including any and any Proceeding, Claim, demand letter or Order instituted or threatened by the FTC, DOJ or other Governmental Body under any Antitrust Law ("Antitrust Litigation") asserted with respect to the transactions contemplated by this Agreement or any Order that enjoins, prohibits, prevents, or restricts consummation of the transactions contemplated by this Agreement so as to enable the transactions contemplated by this Agreement to occur as expeditiously as possible and in any event, prior to the Termination Date, including (i) responding promptly to and vigorously contesting, resisting and resolving any such Antitrust Litigation and (ii) having promptly vacated, lifted, reversed or overturned any such Order, and, if prior to the Termination Date, to appeal promptly any adverse decision or Order by any Governmental Body (including prosecuting all available appeals) or, if requested by the Seller, to promptly commence or threaten to promptly commence and to pursue vigorously any Antitrust Litigation reasonably believed by the Seller to be helpful in obtaining necessary authorizations from any Governmental Body or in terminating any such outstanding Antitrust Litigation. For the purposes of the immediately preceding sentence, reasonable best efforts shall include the defense through litigation on the merits of any Claim asserted in any court, agency or other Proceeding by any Person or Governmental Body, seeking to delay, restrain, prevent, enjoin or otherwise prohibit consummation of the transactions contemplated by this Agreement. Notwithstanding the foregoing or any other provision of this Agreement, nothing contained in this Agreement shall require or obligate Buyer or any of its Affiliates to, and Seller shall not, without the prior written consent of Buyer, agree or otherwise be required to, sell, divest, dispose of, license, hold separate, or take or commit to take any action that limits in any respect its freedom of action with respect to, or its ability to retain, any businesses, products, rights, services, licenses, or assets of Buyer, the Companies, or any of their respective Subsidiaries or Affiliates, or any interest or interests therein. As used in this Section 5.05(d) the term "Order" means any decision or award, decree, injunction, judgment, order, verdict, subpoena, mandate, directive, approval, quasi-judicial decision or award, ruling, or writ of any Governmental Body.

Section 5.06 Resignations. Seller shall obtain the resignations, effective contemporaneously with the Closing, of the officers, directors and managers (as applicable) of each of the Companies.

Section 5.07 Notification of Changes. From time to time prior to the Closing, Seller shall have the right (but not the obligation) to supplement or amend the Schedules with respect to any matter hereafter arising or of which it becomes aware after the date hereof (each a "Schedule Supplement"). Any disclosure in any such Schedule Supplement shall not be deemed to have cured any inaccuracy in or breach of any representation or warranty contained in this Agreement, including for purposes of the indemnification or termination rights contained in this Agreement or of determining whether or not the conditions set forth in Section 2.02 have been satisfied; provided, that, if Buyer has the right to, but does not elect to, terminate this Agreement under Section 7.01(a)(iv) within ten (10) Business Days of its receipt of such Schedule

Supplement, and Seller has irrevocably confirmed in writing to Buyer that Buyer is entitled to terminate the Agreement due to such Schedule Supplement, then Buyer shall be deemed to have irrevocably waived any right to terminate this Agreement solely with respect to such Schedule Supplement and, further, shall have irrevocably waived its right (if any) to indemnification under this Agreement with respect to such Schedule Supplement.

Section 5.08 Intercompany Accounts. On or prior to the Closing Date, Seller shall cause all intercompany accounts between Seller and/or any of its Affiliates (other than the Companies), on the one hand, and the Companies, on the other hand, to be settled or otherwise eliminated without any Liability to any Target Company in such a manner as Seller shall determine. Intercompany accounts between and among the Companies shall not be affected by this provision.

Section 5.09 Intercompany Arrangements. Effective at the Closing, Seller shall cause all arrangements, understandings or Contracts set forth Schedule 3.19 and any other similar Contracts executed during the period between the date of this Agreement and Closing (except for the Transition Services Agreement, the Contribution and Restructuring Agreement and any Contracts executed pursuant to the terms of the Contribution and Restructuring Agreement) to be terminated without any Liability to any Target Company.

Section 5.10 Guarantees/Commitments; Insurance.

(a) Buyer shall, prior to the Closing, post replacement bonds or otherwise qualify for self-bonding in respect of the obligations of Seller and any of its Affiliates (other than the Companies) under each
of the Company Bonds posted by a Company or any of its Affiliates on behalf of a Company or otherwise in connection with the Business as required for the conduct of the Business, such that the applicable Governmental Bodies or other third parties (as applicable) shall cause Seller and its Affiliates (other than the Companies) to be irrevocably, unconditionally and completely released in respect of their obligations under each such Company Bonds at Closing; provided that Seller acknowledges that, in accordance with Applicable Law, such release may not be received as of the Closing, in which case Buyer, Seller and the Companies shall take all actions necessary to ensure such irrevocable, unconditional and complete release as promptly as practicable following the Closing.

(b) Buyer shall, as promptly as practicable after the date hereof, use commercially reasonable efforts to cause Buyer or one or more of the Companies to be substituted for Seller and its Affiliates (other than the Companies) and for Seller and its Affiliates (other than the Companies) to be irrevocably, unconditionally and completely released, effective as of the Closing, in respect of the obligations of Seller and any of its Affiliates (other than the Companies) under each of the Parent Guarantees set forth on Schedule 3.21(e) and otherwise arising after the date of this Agreement in the Ordinary Course of Business (each, a "Subject Guarantee"). Seller shall use commercially reasonable efforts to structure any Subject Guarantee arising after the date of this Agreement in a manner that facilitates, to the extent practicable, the substitution of Buyer or one or more of the Companies for Seller and its Affiliates (other than the Companies) and for Seller and its Affiliates (other than the Companies) to be irrevocably, unconditionally and completely released in respect of their obligations under such Subject Guarantee at or promptly following Closing. In using its commercially reasonable efforts, Buyer, its Subsidiaries and Affiliates, and with respect to the immediately preceding sentence, Seller, shall not be required to, among other things, agree to, and Seller shall not cause any Company to agree to (i) post any bonds, cash, letter of credit or any type of credit support other than providing such replacement guarantee, (ii) pay any consideration to any third party, or (iii) amend any provisions of any Contract (other than ministerial amendments). To the extent Seller and its Affiliates have

not been irrevocably, unconditionally and completely released in respect of their obligations under any Subject Guarantee as of the Closing, the parties shall follow the provisions set forth on Schedule 5.10(b).

(c) Seller shall, and shall cause its Affiliates to, facilitate meetings with applicable counterparties, upon Buyer's reasonable request, in connection with Buyer's obligations set forth in Section 5.10(a) and Section 5.10(b).

(d) Buyer acknowledges and agrees that, except as set forth in Section 5.10(e), effective upon the Closing, the insurance policies of Seller and its Affiliates related to the Companies shall be terminated or modified to exclude coverage of the Companies and their respective assets, and, as a result, it shall be the obligation of Buyer to obtain at its sole cost and expense replacement insurance effective from and after the Closing, including insurance required by any third party to be maintained by the Companies.

(e) From and after the Closing and subject to Buyer's compliance with its obligations in this Section 5.10(e), for any claim (including, without limitation, any third-party liability or workers compensation claim) that may be asserted against the Companies after the Closing arising out of or attributable to events, incidents, conduct or circumstances that occurred and/or existed prior to the Closing (such claims, "Prior Acts Claims"), Seller shall, and shall cause its Affiliates or any claims handler appointed by Seller to, at the request of Buyer, use commercially reasonable efforts to seek and obtain coverage or reasonably cooperate with the Companies to seek and obtain coverage, under, but subject to the terms of, each of the insurance policies of the Seller and its Affiliates existing as of the Closing Date that covered the Companies or their employees, properties or assets (including as acquired in connection with the Restructuring) prior to
Closing. Buyer shall (i) reasonably cooperate, and shall cause the Companies to reasonably cooperate, with Seller in order to enable Seller to comply with the requirements of the relevant insurer and its obligations under this Section 5.10(e), and shall provide, and shall cause the Companies to provide, such information and assistance as Seller may reasonably request in connection with any such Prior Acts Claim, and (ii) pay, incur, bear and otherwise be responsible for any self-insured retention or deductible or any gaps or limits on coverage that may apply with respect to coverage for any such Prior Acts Claims. Buyer shall reimburse Seller for any Liabilities or expenses (including reasonable attorney's fees) incurred by Seller or its Affiliates in connection with their obligations under this Section 5.10(e) within ten (10) Business Days of receipt of a request for reimbursement by Buyer. Subject to Buyer's compliance with its obligations in this Section 5.10(e), Seller shall not, and shall cause its Affiliates not to, release, commute, buy-back or otherwise eliminate the coverage available to the Companies under any insurance policy referenced in the first sentence of this Section 5.10(e). Seller's obligations under this Section 5.10(e) shall terminate on the one (1) year anniversary of the Closing Date.

Section 5.11 No Shop. Seller will not, and will not permit any of its Affiliates, a Company or any of their respective officers, directors, managers or employees to, directly or indirectly: (a) discuss, negotiate, undertake, authorize, recommend, propose or enter into, either as the proposed surviving, merged, acquiring or acquired corporation, any transaction involving a merger, consolidation, business combination, purchase or disposition of substantially all of the assets of the Companies or any equity interests in any Company other than the transactions contemplated or permitted by this Agreement (an "Acquisition Transaction"); (b) facilitate, solicit or initiate discussions, negotiations or submissions of proposals or offers in respect of an Acquisition Transaction; (c) furnish or cause to be furnished, to any Person, any information concerning the business, operations, properties or assets of any Company in connection with an Acquisition Transaction; or (d) otherwise cooperate in any way with, or assist or participate in, facilitate or encourage, any effort or attempt by any other Person to do or seek any of the foregoing; provided, that, Buyer hereby acknowledges that prior to the date of this Agreement, Seller has provided information relating to the Companies and has afforded access to, and engaged in discussions with, other Persons in connection with the transactions

contemplated by this Agreement and that such information, access and discussions prior to the date of this Agreement shall not constitute a breach of this Agreement so long as Seller does not continue any such discussions or provide any such information to such Persons after the date of this Agreement.

Section 5.12 Contacts.

(a) In addition to and not in limitation of the restrictions contained in the Confidentiality Agreement, without the prior written consent of Seller, prior to the Closing, Buyer shall not contact, and shall prevent its Affiliates and their respective officers, directors, managers, employees, advisors, agents and other representatives from contacting, any suppliers or contractors to, or customers of, any of the Companies (including customers of Peabody COALSALES, LLC for coal sourced from the mining operations conducted by the Companies), any employees of any of the Companies or other business relations, or any Governmental Body (other than in connection with any filings made under the HSR Act or in connection with other consents, approvals or waivers required to be obtained by Buyer from Governmental Bodies in accordance with Section 5.04 or Section 5.05 or the substitution and release of any Company Bond or Parent Guarantee in accordance with Section 5.10), in each case in connection with or pertaining to the transactions contemplated in this Agreement.

(b) Upon Buyer's reasonable request, Seller shall use commercially reasonable efforts to afford Buyer an opportunity to engage in discussions with such employees, customers, suppliers and other
business relations at reasonable times and subject to reasonable conditions and compliance with Applicable Laws.

Section 5.13 Environmental Assessments. At Buyer's request and at its sole cost, Seller: (a) shall permit or cause to be permitted Buyer and Buyer's environmental consultant, upon reasonable notice at reasonable times, to conduct such investigations known as "Phase I" environmental site assessments (consistent with recognized industry standards, approved scopes of work, and applicable access rights) of any Owned Property, Leased Property or Contract Mining Right property and the operations conducted thereat; and (b) may, in its sole discretion, permit or cause to be permitted Buyer and Buyer's environmental consultant to conduct such investigations known as "Phase II" environmental site assessments or any other site assessment involving sampling and analysis of environmental media, building materials, or any invasive sampling (consistent with recognized industry standards, approved scopes of work, and applicable access rights) at any Owned Property, Leased Property or Contract Mining Right ("Buyer's Environmental Assessments"). Any and all Buyer's Environmental Assessments shall be conducted by a qualified environmental consulting firm reasonably acceptable to Seller, possessing levels of insurance reasonably acceptable to Seller and which shall name Seller as an additional named insured, in compliance with Applicable Laws, requirements of any Governmental Bodies, procedures and protocols of the Companies and in a manner that minimizes the disruption of the operations of the Companies. Buyer shall indemnify, defend and hold harmless Seller and its Affiliates against, and reimburse Seller and its Affiliates for, any and all amounts paid or incurred by Seller or its Affiliates to the extent arising out of the activities of Buyer or its consultants in connection with the performance of any Buyer's Environmental Assessments. At Seller's request, Buyer shall deliver to Seller a copy of any completed Buyer's Environmental Assessments.

Section 5.14 Restructuring. Prior to Closing, Seller shall, or shall cause its applicable Affiliate or Affiliates to assign, transfer and convey to Southwest Holdco the Target Companies Equity and otherwise complete the transactions contemplated in the Restructuring in accordance with the terms of the Contribution and Restructuring Agreement.

Section 5.15 Audited Financial Statements; Required Information. No later than January 8, 2016, Seller shall prepare (in a manner consistent in all material respects with the preparation of the Financial Statements and in accordance with GAAP) and deliver to Buyer an audited combined balance sheet of (i) CO Holdco and the Colorado Target Companies and (ii) NM Holdco and the New Mexico Target Companies as of December 31 in each of the years 2014 and 2013 and the related combined statement of operations of (x) CO Holdco and the Colorado Target Companies and (y) NM Holdco and the New Mexico Target Companies for each of the years then ended (the "Audited Financial Statements"); provided, however, that Seller does not make any representations or warranties with respect to such Audited Financial Statements. The Audited Financial Statements shall be accompanied by reports thereon (with no exception or qualification) of the auditor, including in each case the notes thereto.

Section 5.16 Subject Contract. The provisions of Schedule 5.16 shall apply with respect to that certain Contract set forth on Schedule 5.16.

ARTICLE VI
EMPLOYEES

Section 6.01 Employment and Benefit Arrangements.

(a) Prior to the Closing Date, Seller shall take all action necessary to cause the Companies to, effective as of the Closing Date, cease as participating employers in any of the Plans that are not Subsidiary Plans. Buyer shall not assume any Plan other than any Subsidiary Plan and shall have no obligations or liabilities with respect to the Plans other than any Subsidiary Plan with respect to liabilities and obligations thereunder with respect to individuals who, immediately prior to the Closing, are employed by any of the Companies (each, a "Company Employee"). Except to the extent arising from any Seller Warranty Breach for purposes of Section 8.01(a) on and after the Closing Date, Buyer, the Companies and their Affiliates shall collectively be responsible and liable for all Employee Related Liabilities.

(b) Regarding Company Employees considered to be actively employed who have, as of immediately prior to Closing, satisfied the eligibility requirements for retiree medical benefits as described under any post-retirement medical arrangement under any Seller Plan described on Schedule 6.01(b) as such Seller Plan exists on the Closing Date (each, a "Retiree Medical Plan"), Buyer shall reimburse Seller for payments made or benefits provided to or on behalf of any such Company Employee following the Closing pursuant to a Retiree Medical Plan as set forth in this Section 6.01(b). Subject to compliance with applicable provisions of, and regulations issued pursuant to, the Health Insurance Portability and Accountability Act as are then in effect, on the last day of each calendar month following Closing, Seller shall provide commercially reasonable evidence to Buyer of the amount of Benefit Costs actually paid by Seller during the immediately preceding calendar month (each a "Benefit Invoice"). Buyer shall remit to Seller the amount shown on each Benefit Invoice within 30 days of the receipt by Buyer of such Benefit Invoice. If any amount due under a Benefit Invoice remains unpaid thirty (30) calendar days or more after the date such Benefit Invoice is received by Buyer, such amount shall bear interest until paid at a rate per annum equal to five percent (5%) and Buyer shall pay all costs and expenses (including reasonable attorney's fees) incurred by Seller and its Affiliates in connection with all measures taken to collect the unpaid Benefit Costs and interest (and where interest and such costs and expenses are payable pursuant to this Section 6.01(b), references in this Agreement to "Benefit Costs" will be deemed to be a reference to such Benefit Costs plus any interest, costs and expenses payable pursuant to this Section 6.01(b). For purposes of this Section 6.01(b), "Benefit Costs" means, with respect to each person described in this Section 6.01(b), the actual cost to Seller of benefits, including prescription drugs, provided to such person and their covered dependents under the Retiree Medical Plans for claims incurred under the Retiree Medical Plans.

(c) For the period beginning on the Closing Date and ending on December 31, 2016 (the "Benefits Continuation Period"), Buyer shall cause the Companies to provide Company Employees with: (i) annual rates of base salary or wages, as applicable, and annual incentive compensation opportunities that are no less favorable, as reasonably determined by Buyer, to the annual rates of base salary or wages, as applicable and annual incentive compensation opportunities in effect for such Company Employees as of the Closing Date; and (ii) employee benefits (excluding post-retirement medical benefits) that are no less favorable in the aggregate, as reasonably determined by Buyer, than the employee benefits in effect for such Company Employees as of the Closing Date. During the Benefits Continuation Period, Buyer shall cause the Companies to honor all Subsidiary Plans as such plans are in effect on the Closing Date and shall not take, or cause and Person to take, any action that would adversely affect the rights of any Company Employee thereunder, subject to Buyer's right to terminate a Subsidiary Plan. Nothing in this Section 6.01 is intended to represent a guarantee of employment or otherwise restrict the authority of any of the Companies or to terminate the employment of any of their employees, subject to Applicable Law.

(d) With respect to any employee benefit plans in which any Company Employees participate on or after the Closing, Buyer shall cause the Companies to: (i) during the Benefits

Continuation Period waive all pre-existing conditions, exclusions and waiting periods with respect to participation and coverage requirements applicable to such employees, except to the extent such pre-existing conditions, exclusions or waiting periods applied under the similar plan in effect immediately prior to the Closing; (ii) during the Benefits Continuation Period provide each such employee with credit for any co-payments and deductibles paid (to the same extent such credit was given for the year under the similar plan in effect immediately prior to the Closing) in satisfying any applicable deductible or out-of-pocket requirements; and (iii) recognize all continuous service of the Company Employees with the Companies, Seller or an Affiliate of Seller (including continuous service with any predecessor-in-interest to any of the Companies), as applicable, including for purposes of eligibility to participate, vesting credit and entitlement to benefits, including under any paid time off and severance plans or policies (but excluding benefit accrual under a defined benefit pension plan) under any employee benefit plan in which such employees may be eligible to participate after the Closing; provided, that, the foregoing shall not apply to the extent it would result in a duplication of benefits.

(e) After the Closing Date, the Companies shall pay, or Buyer shall pay or shall cause one or more of Buyer's Affiliates to pay, all Liabilities of any Company, Seller or any Affiliate of Seller with respect to any current or former employees of any Company or Seneca Coal Company, LLC (including retired employees who retired from a Company or Seneca Coal Company, LLC or any of their respective predecessors) under the Federal Mine Safety and Health Act of 1977, as amended, and other Applicable Law for any Claims for disability or death due to "black lung" or pneumoconiosis or any similar or related conditions, whenever created.

(f) Buyer will notify Seller within ten (10) business days after an individual listed on Schedule 6.01(f) terminates employment with the Company for which he or she is employed as of the Closing Date so that Seller can timely pay benefits accrued under the Peabody Investments Corp. Supplemental Employee Retirement Account.

(g) Buyer and Seller agree to comply with the Standard Procedure described in Section 4 of Revenue Procedure 2004-53, 2004-2 C.B. 320 (the "Standard Procedure"). With respect to each employee identified on Schedule 3.14(a) as an employee whose employment will be transferred to a Target Company in connection with the Closing (each, a "Transferred Employee"), Seller shall, in accordance with Revenue

Procedure 2004-53, assume all responsibility for preparing and filing any applicable Employer Form W-2, Wage and Tax Statements; Form W-3, Transmittal of Income and Tax Statements; Form 941, Employer's Quarterly Federal Tax Returns; Form W-4, Employee's Withholding Allowance Certificates; and Form W-5, Earned Income Credit Advance Payment Certificates (collectively, the "Employee Withholding Documents") with regard to wages paid through the day before the Closing Date. Buyer shall assume all responsibility for preparing and filing the Employee Withholding Documents with regard to wages paid to employees engaged by Buyer or any Affiliate of Buyer on and after the Closing Date. Buyer and Seller shall cooperate in good faith to the extent necessary to permit each of them to comply with the Standard Procedure.

(h) On the Closing Date, Buyer will designate a defined contribution plan to which the Company Employees may roll over their full account balances under the defined contribution plan maintained by Seller, including outstanding loans, to extent permitted by the plan administrator and terms of such plan.

(i) This Section 6.01 shall be binding upon and inure solely to the benefit of each of the parties to this Agreement, and nothing in this Section 6.01, express or implied, shall confer upon any other
Person any rights or remedies of any nature whatsoever under or by reason of this Section 6.01. Nothing contained herein, express or implied, shall be construed to establish, amend or modify any benefit plan, program, agreement or arrangement. The parties hereto acknowledge and agree that the terms set forth in this Section 6.01 shall not create any right in any Company Employee or any other Person to any continued employment with any Company, Buyer or any of their respective Affiliates or compensation or benefits of any nature or kind whatsoever.

ARTICLE VII
TERMINATION

Section 7.01 Termination.

(a) This Agreement may be validly terminated at any time prior to Closing only as follows:

(i) by the mutual written consent of Buyer and Seller at any time prior to the Closing;

(ii) by either Seller or Buyer, by written notice to the other party, if the Closing shall not have occurred on or prior to March 31, 2016 (the "Termination Date");

(iii) by either Seller or Buyer, if any Prohibitive Order permanently prohibiting the consummation of the transactions contemplated by this Agreement shall have become final and non-appealable; provided, that, no party may terminate this Agreement pursuant to this Section 7.01(a)(iii) if such party is then in breach of its obligations under Section 5.04(a)-(d) or Section 5.05;

(iv) by Seller or Buyer (so long as such party seeking to terminate this Agreement is not then in breach of any of its representations, warranties or covenants contained in this Agreement, which breach or failure to perform, either individually or in the aggregate, if occurring or continuing at the Closing, would result in the failure of any of the conditions set forth in Section 2.02(a), Section 2.02(b) or Section 2.02(k), if Seller is seeking to terminate this Agreement, or Section 2.03(a) or Section 2.03(b), if Buyer is seeking to terminate this Agreement), if there has been a breach, inaccuracy in or failure to perform any representation, warranty, covenant or agreement made by the other party pursuant to this Agreement that would give rise to the failure of any of the conditions specified in Article II and such breach, inaccuracy or failure has not been cured by the breaching party by the earlier of (i) thirty (30) days following such breaching

party's receipt of written notice of termination from the terminating party or such additional period of time so long as such breaching party is diligently pursuing remediation of the breach or failure to perform, and (ii) the Termination Date; or

(v) by Seller if (i) all of the conditions set forth in Section 2.01 and Section 2.02 have been satisfied or waived (other than those conditions that by their nature are to be satisfied at the Closing; provided, that, with respect to the conditions set forth in Section 2.02(e), such conditions set forth in Section 2.02(e) are capable of being satisfied at the Closing), (ii) Seller has provided written notice to Buyer that Seller (and the Companies) are ready, willing and able to consummate the Closing and (iii) Buyer has not consummated the Closing within two (2) Business Days of the date the Closing should have occurred pursuant to Section 1.03 or, if later, within two (2) Business Days after Seller has delivered the notice contemplated by the preceding clause (ii).

(b) A party seeking to terminate this Agreement in accordance with Section 7.01 shall deliver written notice thereof as provided under Section 11.03.

Section 7.02 Effect of Termination.

(a) In the event of the termination of this Agreement pursuant to Section 7.01, this Agreement shall thereafter become void and have no further force and effect and there shall be no liability on the part of any party to this Agreement or any of their respective former, current or future stockholders, controlling persons, directors, officers, employees, general or limited partners, members, managers, Affiliates, agents or assignees of any of the foregoing, except that: (i) the obligations of the parties hereto contained in this Section 7.02 and Article XI, the indemnity obligations of Buyer contained in Section 5.03, Section 5.04(g) and Section 5.13, and the necessary definitions set forth in Article X and the obligations of Buyer Guarantor under the Buyer Guaranty shall survive the termination of this Agreement; (ii) the Confidentiality Agreement shall survive the termination of this Agreement in accordance with its terms; and (iii) such termination shall not relieve any party of liability for any knowing and material breach by such party of any covenant or agreement in this Agreement.

(b) In the event that this Agreement is terminated pursuant to Section 7.01, in addition to any requirements in the Confidentiality Agreement, Buyer shall, as promptly as practicable and in no event later than five (5) Business Days following such termination, return to Seller or destroy, and will cause its representatives to return to the Companies or destroy, all of the documents and other materials received from the Companies, Seller or their respective Affiliates and/or representatives relating to any of them or the transactions contemplated by this Agreement, whether so obtained before or after execution of this Agreement, and all information of, related to or regarding, the Companies, Seller or its respective Affiliates or their businesses received from or on behalf of the Companies, Seller or their respective Affiliates shall be treated in accordance with the Confidentiality Agreement and Section 5.01.

(c) If the Agreement is terminated as provided in Section 7.01, the parties shall use commercially reasonable efforts to cause, to the extent practicable, all filings, applications and other submissions made pursuant to this Agreement to be withdrawn from the Governmental Body or other Person to which they were made.

(d) If this Agreement is terminated by Seller pursuant to Section 7.01(a)(v) in connection with a Financing Failure, then Buyer shall, within three Business Days after the date of such termination, pay or cause to be paid to Seller by wire transfer of immediately available funds an amount equal to $20,000,000.00 without counterclaim or setoff (the "Termination Fee") to the account specified by Seller in

writing to Buyer. If Buyer fails to pay the Termination Fee when and as required pursuant to this Section 7.02(d), then (i) the Termination Fee shall accrue interest for the period commencing on the date that the Termination Fee became payable and ending on the date when the Termination Fee is paid, at a rate per annum equal to five percent (5%) plus the rate of interest publicly announced by JPMorgan Chase Bank, N.A. in New York as its Prime Lending Rate on the date on which the Termination Fee became payable and Buyer shall pay such interest to Seller and (ii) Buyer shall pay all costs and expenses (including reasonable attorney's fees) incurred by Seller and its Affiliates in connection with all measures taken to collect the unpaid Termination Fee and interest (and where interest and such costs and expenses are payable pursuant to this Section 7.02(d), references in this Agreement to "Termination Fee" will be deemed to be a reference to such Termination Fee plus any interest, costs and expenses payable pursuant to this Section 7.01(d)). For the avoidance of doubt, (x) the parties acknowledge and agree that in no event shall the Buyer be required to pay the Termination Fee on more than one occasion, and (y) notwithstanding anything to the contrary set forth herein, but subject to Seller's rights set forth in Section 11.15(c), while Seller may seek both specific performance and any other remedy available to Seller at law or in equity, in circumstances in which the Termination Fee is payable in accordance with Section 7.02(d), Seller shall not be permitted or entitled to receive both (1) a grant of specific performance of this Agreement and any other remedy available to it at law or in equity, and (2) payment of the Termination Fee. In the event that the Termination Fee is payable to Seller pursuant to this Section 7.02(d), but subject to Seller's rights set forth in Section 11.15(c), Seller's right to receive payment of the Termination Fee (whether from the Buyer or the Buyer Guarantor under the Buyer Guaranty), together with any reimbursement of any amount payable pursuant to Section 5.03, Section 5.04(g) and Section 5.13 (collectively, the "Seller Additional Amounts"), shall be the sole and exclusive monetary remedy for any and all losses suffered or incurred by Seller or its Affiliates (including the Companies) in connection with this Agreement (and the actual or purported termination hereof), the transactions contemplated hereby (and the abandonment thereof), the Equity Commitment Letter or the Buyer Guaranty, or any matter forming the basis for such termination. In the event that the Termination Fee is payable hereunder, none of Buyer or any of the Buyer Related Parties shall have any liability of any nature whatsoever to Seller or its Affiliates (including the Companies) with respect to any breach of this Agreement or the failure of the Closing to occur, other than the liability of Buyer to pay the Termination Fee in accordance with this Section 7.02(d) and any Seller Additional Amounts.

(e) The Parties acknowledge that the agreements contained in this Section 7.02 are an integral part of the transactions contemplated hereby, and that, without these agreements, the Parties would not enter into this Agreement. In light of the difficulty of accurately determining actual losses or damages with respect to the foregoing, the Parties acknowledge that the Termination Fee, in the circumstances in which such fee becomes payable constitutes a reasonable estimate of the losses or damages that will be suffered by reason of any such termination of this Agreement and constitutes liquidated damages and is not a penalty.

ARTICLE VIII
INDEMNITY

Section 8.01 Seller's Agreement to Indemnify. Upon the terms and subject to the conditions of this Article VIII, Seller shall, from and after the Closing, indemnify, defend and hold harmless Buyer and its Affiliates, which after the Closing shall include the Companies, (and their respective directors and officers) (the "Buyer Indemnified Parties") from and against any and all Claims, liabilities, losses, damages, payments, deficiencies, awards, settlements, assessments, judgments, costs and expenses, including reasonable costs and expenses incurred in connection with investigating and defending any Claims and the reasonable fees and disbursements of counsel, consultants and other professionals (collectively, "Damages") which any of them shall incur, suffer or sustain and which result from or arise out of: (a) any breach or inaccuracy by Seller

of any representation or warranty in this Agreement or in the certificate delivered pursuant to Section 2.02(c) (each such breach and inaccuracy, a "Seller Warranty Breach"); (b) any breach or non-compliance by Seller of any covenant or agreement in this Agreement or in the certificate delivered pursuant to Section 2.02(c); (c) any Excluded Liabilities; and (d) the amount, if any by which the Final Reopener Adjustment exceeds the Reopener Adjustment included in the calculation of the Final Purchase Price (items (a), (b), (c) and (d) collectively, "Buyer Claims").

Section 8.02 Seller's Limitation of Liability.

(a) Seller shall not be liable with respect to any Seller Warranty Breach if the amount of Damages resulting from such Seller Warranty Breach, or any series of related Seller Warranty Breaches, does not exceed $100,000 ("De Minimis Claim") and such items shall not be aggregated for purposes of satisfying the Deductible; provided, that, to the extent Damages exceed the De Minimis Claim amount with respect to any Seller Warranty Breach, or series of related Seller Warranty Breaches, the full amount of Damages with respect to such Seller Warranty Breach, or series of related Seller Warranty Breaches, shall be applied to the Deductible without regard to such De Minimis Claim amount (and not only with respect to Damages in excess of the De Minimis Claim amount).

(b) Seller shall not be liable with respect to any Seller Warranty Breach (other than those relating to a Seller Fundamental Representation or Section 3.11 or Section 3.13) unless the aggregate amount of Damages with respect to all Seller Warranty Breaches exceeds $5,100,000.00 (the "Deductible"), in which event the Buyer Indemnified Parties shall, subject to the other limitations herein, be indemnified only for Damages in excess of the Deductible.

(c) Seller's maximum liability in the aggregate for all Claims for indemnification for Seller Warranty Breaches (other than those relating to a Seller Fundamental Representation or Section 3.11 or Section 3.13) shall not exceed $25,500,000.00 and subject to the foregoing limitation, Seller's maximum liability in the aggregate for all Claims for indemnification pursuant to this Agreement (other than in respect of Excluded Liabilities) shall not exceed the Final Purchase Price; provided, however, that the maximum liability limitations set forth in this Section 8.02(c) shall not apply with respect to any liability of Seller to Buyer relating to or arising from Seller Taxes described in clause (c) of the definition of Seller Taxes.

(d) In view of the Deductible and De Minimis Claim requirement, for purposes of determining whether a Seller Warranty Breach has occurred, the representations and warranties of Seller set forth in this Agreement shall be considered without regard to any qualification based on materiality or "Material Adverse Effect" or other similar qualification contained in or otherwise applicable to such representations and warranties other than such qualifications or limitations contained in or otherwise applicable to Section 3.06, the first sentence of Section 3.07(a), Section 3.08(a), the first sentence of Section 3.08(d), Section 3.10(a)(viii), Section 3.10(a)(x), the second sentence of Section 3.13(a), Section 3.15(b), the first sentence of Section 3.20(a), the first sentence of Section 3.20(b), Section 3.21(a) or the definition and use of the terms "Permitted Lien" and "Permitted Liens".

(e) Notwithstanding anything in this Agreement to the contrary, Seller's obligation to indemnify Buyer under Section 8.01 for the costs of remedial actions or corrective measures to address liabilities under or noncompliance with Environmental Laws shall be limited to only those costs required to implement the least costly remedy required by the applicable Governmental Body.

Section 8.03 Buyer's Agreement to Indemnify. Upon the terms and subject to conditions of this Article VIII, Buyer shall, from and after the Closing, indemnify, defend and hold harmless Seller and its

Affiliates (and their respective directors and officers) (the "Seller Indemnified Parties"), from and against all Damages which any of them shall incur, suffer or sustain and which result from or arise out of: (a) any breach or inaccuracy by Buyer of any representation or warranty in this Agreement or in the certificate delivered pursuant to Section 2.03(c) ("Buyer Warranty Breach"); (b) any breach or non-compliance by Buyer of any covenant or agreement in this Agreement or in the certificate delivered pursuant to Section 2.03(c); or (c) the ownership or operation of the Companies, the conduct of their respective businesses and any other activities, errors or omissions on and after the Closing Date (including the indemnification set forth in Section 5.10(b)), other than any Excluded Liabilities (items (a), (b) and (c), collectively, "Seller Claims").

Buyer's obligation to indemnify the Seller Indemnified Parties under clause (c) of this Section 8.03 shall apply irrespective of whether any interests in Leased Property or any Environmental Permits, Target Company Permits, Company Bonds or Contracts, including any Parent Guarantees, remain in the name or under the control of, or continue to bind, any of the Seller Indemnified Parties or their assets or any Seller Indemnified Party is recognized as the owner or controller or obligor under any Environmental Permits, Target Company Permits, Company Bonds or Contracts, including any Parent Guarantees, by any Governmental Body or other Person, in any case pending the receipt of any required Consent, release or discharge from any Governmental Body or other Person.

Section 8.04 Buyer's Limitation of Liability.

(a) Buyer shall not be liable with respect to any Buyer Warranty Breach if the amount of Damages resulting from such Buyer Warranty Breach, or any series of related Buyer Warranty Breaches, does not exceed a De Minimis Claim and such items shall not be aggregated for purposes of satisfying the Deductible; provided, that, to the extent Damages exceed the De Minimis Claim amount with respect to any Buyer Warranty Breach, or series of related Buyer Warranty Breaches, the full amount of Damages with respect to such Buyer Warranty Breach, or series of related Buyer Warranty Breaches, shall be applied to the Deductible without regard to such De Minimis Claim amount (and not only with respect to Damages in excess of the De Minimis Claim amount).

(b) Buyer shall not be liable with respect to any Buyer Warranty Breach unless the aggregate amount of Damages with respect to all Buyer Warranty Breaches (other than those relating to a Buyer Fundamental Representation) exceeds the Deductible, in which event the Seller Indemnified Parties shall, subject to the other limitations herein, be indemnified only for Damages in excess of the Deductible.

(c) Buyer's maximum liability in the aggregate for all Claims for indemnification for Buyer Warranty Breaches (other than those relating to a Buyer Fundamental Representation) shall not exceed $25,500,000.00 and subject to the foregoing limitation, Buyer's maximum liability in the aggregate for all Claims for indemnification pursuant to this Agreement (other than in respect of the indemnification provided in Section 5.04(g), Section 5.10(b), Section 8.03(c) and Section 9.08 for which the maximum liability limitations set forth in this Section 8.04(c) shall not apply) shall not exceed the Final Purchase Price.

(d) In view of the Deductible and De Minimis Claim requirement, for purposes of determining whether a Buyer Warranty Breach has occurred, the representations and warranties of Buyer set forth in this Agreement shall be considered without regard to any qualification based on materiality or "Buyer Material Adverse Effect" or other similar qualification contained in or otherwise applicable to such representations and warranties.

Section 8.05 Procedures for Indemnification.

(a) If an indemnified party shall desire to assert any Claim for indemnification provided for under Section 5.03, Section 5.04(g), Section 5.10(b), Section 5.13, Section 9.08, Section 9.11 or this Article VIII (the "Indemnified Party") it shall give prompt written notice to the party against whom indemnity is sought (the "Indemnifying Party") of the assertion of any Claim, or the commencement of any suit, action or proceeding in respect of which indemnity may be sought and will provide such Indemnifying Party such information in the possession or under the control of the Indemnified Party with respect to such Claim that the Indemnifying Party may reasonably request; provided, that, the failure to give such notification shall not affect the indemnification provided for hereunder except to the extent the Indemnifying Party shall have been materially prejudiced by such failure or delay.

(b) Each such notice by an Indemnified Party shall contain the following information:

(i) that Indemnified Party has incurred or paid or, in good faith, believes it will reasonably likely have to incur or pay, Damages in an aggregate stated amount (where practicable) arising from such Claim (which amount may be the amount of damages claimed by a third party in an action brought against any Indemnified Party based on alleged facts, that if true, would give rise to liability for Damages to such Indemnified Party under this Article VIII or Section 5.03, Section 5.04(g), Section 5.10(b), Section 5.13, Section 9.08 or Section 9.11 as applicable or otherwise); and

(ii) a brief description, in reasonable detail (to the extent reasonably available to Indemnified Party), of the facts, circumstances or events giving rise to the alleged Damages based on the Indemnified Party's good faith belief thereof, including the identity and address of any third-party claimant (to the extent reasonably available to Indemnified Party).

(c) Following delivery of the notice (or at the same time if the Indemnified Party so elects) the Indemnified Party shall deliver copies of any demand or complaint, and the specific nature of the breach to which such item is related promptly after the same becomes available to the Indemnified Party.

Section 8.06 Third-Party Claims. The obligations and liabilities of Seller and Buyer with respect to Buyer Claims and Seller Claims, respectively, which arise or result from Claims for Damages made by third parties ("Third-Party Claims") shall be subject to the following additional terms and conditions:

(a) Subject to the provisions hereof, the Indemnifying Party on behalf of the Indemnified Party shall have the right to elect to defend any Third-Party Claim so long as: (i) the Indemnifying Party notifies the Indemnified Party in writing within thirty (30) days after the Indemnifying Party receives notice of such matter in accordance with Section 8.05; (ii) such claim does not seek an injunction or other equitable relief or involve any criminal proceeding, indictment, allegation or investigation; and (iii) the Indemnifying Party conducts the defense of such claim actively and diligently with counsel of its own choice. If the Indemnifying Party so elects to defend such Third-Party Claim, then the Indemnified Party may, at its sole expense, participate, through counsel of its own choice, in the defense of such Third-Party Claim and the Indemnifying Party shall have no responsibility for any expense incurred by the Indemnified Party.

(b) If the Indemnifying Party has the right to and does not elect to defend any Third-Party Claim, the Indemnified Party may defend such Third Party Claim with counsel chosen by the Indemnified Party. Buyer and Seller shall make available to each other and each other's counsel and accountants, without charge, all of its or their books and records relating to the Third-Party Claim, including books and records of the Companies, and each party will render to the other party such assistance as may be reasonably required

in order to insure the proper and adequate defense thereof and shall furnish such records, information and testimony and attend such conferences, discovery proceedings, hearings, trials and appeals as may be reasonably requested by the other party in connection therewith.

(c) If the Indemnifying Party has the right to and elects to defend any Third-Party Claim, the Indemnifying Party shall have the right to enter into any settlement or compromise of a Third-Party Claim without the consent of the Indemnified Party; provided, that, (i) such settlement does not involve any injunctive or other equitable relief binding upon the Indemnified Party or any of its Affiliates; and (ii) such settlement expressly and unconditionally releases the Indemnified Party from all liability with respect to such Claim other than the obligation to pay any amount that the Indemnifying Party pays or causes to be paid subject to the limitations contained in this Agreement, and otherwise shall have the right to enter into any settlement or compromise of a Third-Party Claim with the consent of the Indemnified Party which shall not be unreasonably withheld, conditioned or delayed.

(d) If the Indemnifying Party has the right to and does not elect to defend any Third-Party Claim, the Indemnified Party shall have the right to enter into any settlement or compromise of a Third-Party Claim only with the consent of the Indemnifying Party which shall not be unreasonably withheld, conditioned or delayed. If the Indemnified Party settles or compromises any such claim without the consent of the Indemnifying Party, then the Indemnifying Party shall have no liability hereunder for such Third-Party Claim or any Claims of the Indemnified Party arising therefrom or related thereto.

Section 8.07 Limitation on Damages.

(a) The amount to which an Indemnified Party may become entitled under Section 9.11 or this Article VIII shall be net of any actual recovery (whether by way of payment, discount, credit, off-set, counterclaim or otherwise) received from a third party (including any insurer) in respect of such Damages less any out-of-pocket cost associated with receiving such recovery in respect of a Claim and shall be further reduced to take account of any Tax benefit realized by the Indemnified Party arising from the incurrence or payment of any such Damages.

(b) If an Indemnified Party determines not to pursue any amount recoverable from a third party (including any insurer) in respect of Damages suffered by such Indemnified Party for which the Indemnifying Party is liable under Section 9.11 or this Article VIII, such Indemnified Party shall promptly notify the Indemnifying Party, and the Indemnifying Party (in its name or in the name of such Indemnified Party) shall be entitled to pursue such recovery directly and such Indemnified Party shall cooperate with the Indemnifying Party and provide reasonable assistance to the Indemnifying Party in its pursuit of such recovery (including the assignment by such Indemnified Party to the Indemnifying Party of any rights to proceed against the applicable third party).

(c) The Indemnifying Party shall not be liable under Section 9.11 or this Article VIII for and no Damages suffered by any Indemnified Party shall include, under any circumstances, and no Indemnifying Party shall be liable to any Indemnified Party in the event that Damages relate, directly or indirectly, to: (i) any matter to the extent that the Indemnified Party had otherwise been compensated for such matter pursuant to the Purchase Price adjustment mechanism contemplated by Section 1.04 (it being understood that the Indemnifying Party shall, subject to the terms and limitations of this Article VIII, be liable only for the excess of the Damages over the amount of the adjustment as finally determined pursuant to Section 1.04); (ii) any matter arising under a provision of this Agreement to the extent any Indemnified Party recovered or is to recover any amount with respect to such matter pursuant to any other provision of this Agreement; (iii) incidental or consequential Damages, special or indirect Damages, punitive Damages

and exemplary Damages (except to the extent that any such Damages are components of any Third-Party Claim that may be indemnified pursuant to this Article VIII) or Damages arising from or relating to lost profits, lost revenues or income, loss of business reputation or opportunity or diminution of value or any Damages based on any type of multiple; (iv) the passing of, or any change in, after the Closing Date, Applicable Law (except with respect to Taxes (A) for taxable periods (or portions thereof) ending on the Closing Date or (B) described in clause (c) of the definition of Seller Taxes); (v) any action or inaction taken by Buyer, any Company or any of their respective Affiliates on or after the Closing Date; and (vi) any matter resulting from actions contemplated, permitted or required by this Agreement, provided that the limitations in the foregoing clauses (v) and (vi) shall not apply with respect to any claims for indemnification under Section 9.11(b), which shall be subject to any applicable limitations set forth in Section 9.11.

(d) It being the intent of the parties that the Buyer Indemnified Parties or Seller Indemnified Parties (as applicable) shall receive a single recovery in respect of Damages subject to any Claim under this Agreement, the Indemnified Party shall pay to the Indemnifying Party any amounts described in this Section 8.07 (or the fair market value of any non-cash recoveries) that any Indemnified Party receives in respect of Damages for which any Indemnifying Party made any payment immediately on receipt of such funds.

Section 8.08 Sole Remedy. After the Closing, the indemnification rights set forth in Section 5.03, Section 5.04(g), Section 5.10(b), Section 5.13, Section 9.08, Section 9.11 and Article VIII are and shall be the sole and exclusive remedies of Buyer, the other Buyer Indemnified Parties, Seller and the other Seller Indemnified Parties with respect to this Agreement and the transactions contemplated by this Agreement, and, effective at Closing, each party hereto, for itself, its successors and assigns, irrevocably waives and releases, to the extent it may do so, any other rights, remedies, claims, actions, suits or causes of action that may arise at law or in equity, including under any Applicable Law. In furtherance of the foregoing, each party for itself, its successors and assigns, and other Buyer Indemnified Parties or Seller Indemnified Parties, as applicable, covenants and agrees that neither party nor any other Indemnified Party shall sue or initiate or maintain any Proceeding against the other party in connection with, related to or as a result of, this Agreement or the transactions contemplated herein, except as expressly provided in Section 5.03, Section 5.04(g), Section 5.10(b), Section 5.13, Section 9.08, Section 9.11 and Article VIII. Nothing in this Section 8.08 shall be deemed a waiver of any Person's right to seek specific performance or injunctive relief in accordance with Section 11.15 in the case of another party's failure to comply with the covenants made by such other party to be performed after the Closing or limit any Person's right to seek any remedy with respect to claims for intentional fraud on the part of a party in connection with the execution and delivery of this Agreement.

Section 8.09 Tax Treatment. The amount of any payments made pursuant to Section 9.11 or this Article VIII shall be treated by Buyer and Seller and their respective Affiliates as adjustments to the Final Purchase Price for all Tax purposes, except to the extent that a contrary treatment is required by Applicable Law.

Section 8.10 Mitigation. Each Indemnified Party shall take, and cause its Affiliates to take, all commercially reasonable steps to mitigate any Damages upon becoming aware of any event or circumstance that would be reasonably expected to, or does, give rise thereto, including incurring costs only to the minimum extent necessary to remedy the breach that gives rise to such Damages.

ARTICLE IX
ADDITIONAL COVENANTS AND AGREEMENTS

Section 9.01 Survival. The representations and warranties contained in Article III and Article IV shall survive the Closing through and including the date that is twelve (12) months after the Closing Date; provided, that, the representations and warranties of Seller set forth in Section 3.01, Section 3.02, Section 3.04, Section 3.05 and Section 3.23, (each, a "Seller Fundamental Representation") shall survive indefinitely, the representations and warranties of Seller set forth in Section 3.13 and Section 3.18 shall survive the Closing through and including the three (3) year anniversary of the Closing Date, the representations and warranties of Buyer set forth in Section 4.01, Section 4.02, Section 4.05, Section 4.06, Section 4.08 and Section 4.11 (each, a "Buyer Fundamental Representation") shall survive indefinitely, and that any representation or warranty contained in Section 3.11 shall survive until sixty (60) days following the expiration of all applicable periods of limitation for the Taxes or Tax Returns to which such representation or warranty relates (in each case, the "Survival Period"); provided, that, any claims for Damages that an Indemnified Party provided notice in good faith with reasonable specificity (to the extent known at such time) to the Indemnifying Party in accordance with Section 8.05 before the termination of the applicable Survival Period shall survive until finally resolved. For the avoidance of doubt, the parties hereto hereby agree and acknowledge that the Survival Period is a contractual statute of limitations and any Claim brought by a party hereto pursuant to this Agreement after Closing must be brought or filed prior to the expiration of the applicable Survival Period. Each party hereto waives any right, Claim or affirmative defense as to any time limitations on the assertion or prosecution of any indemnification Claim, including any and all statutes of limitation, statutes of repose, laches and any other time bars, with respect to any matter for which notice has been provided to the Indemnifying Party in accordance with Section 8.05 before the termination of the applicable Survival Period. All covenants of the parties hereto that require performance prior to, but not at or after, Closing shall terminate upon Closing without recourse (other than the covenant in Section 5.02(a) regarding the Budgeted Capital Expenditures), and each covenant that requires performance at or after Closing shall survive the Closing for the period contemplated by its terms.

Section 9.02 Further Assurances. From time to time, as and when requested by any party hereto and at such requesting party's expense, any other party shall execute and deliver, or cause to be executed and delivered, all such documents and instruments and shall take, or cause to be taken, all such further or other actions as the requesting party may reasonably request to evidence and effectuate the transactions contemplated by this Agreement.

Section 9.03 Preservation of Books and Records; Access. From and after the Closing for a period of seven (7) years following the Closing Date, each party hereto agrees that such party shall not, and Buyer shall cause the Companies not to, destroy, alter or otherwise dispose of any books and records of the Companies or that otherwise relate solely to the Business, or any portions thereof, relating to periods prior to the Closing Date without first giving reasonable prior notice to the other party and offering to surrender to such party such books and records or a copy of such portions thereof. From and after the Closing and in addition to any requirements contained elsewhere in this Agreement, each party shall and shall cause its Subsidiaries to provide the other party and its authorized representatives with reasonable access (for the purpose of examining and copying), during normal business hours, to the personnel, books and records of the Companies and that relate solely the Business with respect to periods or occurrences prior to the Closing Date to the extent that such access may be reasonably requested by the other party and would not jeopardize an applicable privilege, including in connection with financial statements and reporting obligations under Applicable Law or the requirements of any securities exchange or in the event of litigation.

Section 9.04 Non-Solicit. Each party hereto covenants and agrees that for a period of eighteen (18) months following the Closing, neither it nor any of its Affiliates will, directly or indirectly, without the prior written consent of the other party: (a) solicit, recruit or employ any employee, officer or director of such other party or its Affiliates (including the Companies in the case of Buyer); or (b) intentionally induce or otherwise intentionally counsel or advise any employee, officer or director of such other party or its Affiliates (including the Companies in the case of Buyer) to leave the employment of such other party and its Affiliates (including the Companies in the case of Buyer); provided, that, this Section 9.04 shall be deemed not to apply to any Person (and shall not preclude the hiring of any employee or other Person) who: (i) responds to any public advertisement placed by or on behalf of such party (or its applicable Affiliates) that is not specifically targeted to the employees of the other party or its Affiliates (including the Companies in the case of Buyer); or (ii) whose employment has been terminated by such other party or its Affiliates (including the Companies in the case of Buyer) prior to the commencement of employment discussions between such party (or its applicable Affiliates) and such employee or other Person. For purposes of this Section 9.04 the Equity Investor and its Affiliates shall not be deemed to be Affiliates of Buyer.

Section 9.05 Confidentiality. From and after the Closing until the three (3) year anniversary of the Closing Date, Seller covenants and agrees that it will (and will cause of its Affiliates and each of Seller's and its Affiliates' members, managers, officers, directors, employees, agents and representatives to) treat and hold as such all Company Confidential Information, and refrain from, directly or indirectly, using any of such Company Confidential Information except in connection with this Agreement and the transactions contemplated by this Agreement, including the Transition Services Agreement. If Seller or any of its Affiliates or any of their respective members, managers, officers, directors, employees, agents or representatives is requested or required (by oral question or request for information or documents in any legal proceeding, interrogatory, subpoena, civil investigative demand, or similar process) to disclose any Company Confidential Information, Seller will, to the extent practicable and permitted under Applicable Law or otherwise not prohibited by any Governmental Body, notify Buyer promptly of the request or requirement so that Buyer may seek an appropriate protective order or waive compliance with the provisions of this Section 9.05. If, in the absence of a protective order or the receipt of a waiver hereunder, Seller or any of its Affiliates or any of their respective members, managers, officers, directors, employees, agents or representatives is compelled to disclose any Company Confidential Information in response to any such legal process, that party may disclose the Company Confidential Information without any liability hereunder; provided, that, Seller shall cooperate in Buyer's attempt, at Buyer's sole cost and expense, to obtain an order or other assurance that confidential treatment will be accorded to Company Confidential Information subject to disclosure as Buyer shall designate. Nothing in this Section 9.05 shall prohibit the use or disclosure of Company Confidential Information in connection with the defense of any dispute under this Agreement or otherwise concerning the transactions contemplated in this Agreement. Notwithstanding anything herein to the contrary, Seller and its Affiliates and their respective members, managers, officers, directors, employees, agents and representatives may disclose to any and all Persons, without limitation of any kind and without any liability hereunder, the tax treatment and tax structure of the transactions contemplated herein and all materials of any kind (including opinions or other tax analyses) that are provided to it relating to such tax treatment and tax structure or otherwise required to complete any Tax Return.

Section 9.06 Name Change. As promptly as practicable, but in any case within sixty (60) days after the Closing Date, Buyer shall: (a) eliminate (or cause to be eliminated) the use of the names "Peabody," "Peabody Energy" and "BTU" and variants thereof from the properties, assets and businesses of the Companies; and (b) make (or cause to be made) all filings (including assumed name filings) required to reflect any change of name of each Company in all applicable records of Government Bodies. Except with respect to such grace period for eliminating existing usage, Buyer shall have no right to use any logos, trademarks, trade names or other similar rights owned by Seller or any of its Affiliates other than the

Companies. Buyer shall provide copies of such filings to Seller and be solely responsible for any direct or indirect costs or expenses resulting from the change in use of name, and any resulting notification or approval requirements.

Section 9.07 Labor Matters; WARN Act.

(a) Buyer shall not, and shall cause the Companies not to, at any time prior to the sixty-first (61st) day following the Closing Date, without fully complying with the notice and other requirements of the WARN Act, effectuate: (i) a "plant closing" (as defined in the WARN Act) affecting any site of employment or one or more facilities or operating units within any site of employment of the Companies; or (ii) a "mass layoff" (as defined in the WARN Act) affecting any site of employment of the Companies.

(b) If Buyer directly or indirectly takes any action within one hundred eighty (180) days after the Closing Date that independently, or in connection with any reduction in the size of the Companies' work force occurring within the ninety (90) day period prior to the Closing Date, could be construed as a "plant closing" or "mass layoff," as those terms are defined in the WARN Act, Buyer shall be solely responsible for providing any notice required by the WARN Act and for making payments, if any, and paying all penalties and costs, if any, that may result from any failure to provide such notice to any Company employees.

(c) Seller shall remain responsible and liable for any pre-Closing Date compliance with the WARN Act, if any, unless triggered by the actions of Buyer or any of its Affiliates on or after the Closing Date.

Section 9.08 Environmental Release. Buyer understands and agrees that its right to indemnification under Section 8.01 for breach of the representations and warranties contained in Section 3.18 hereof shall constitute its sole and exclusive remedy against Seller for any environmental matter or any other matters involving the posting of Company Bonds relating to the past, current or future facilities, properties or operations of the Companies, and all of their respective predecessors or Affiliates, including any such matter arising under any Environmental Law. From and after the Closing, aside from such right to indemnification, Buyer hereby waives (on its own behalf and on behalf of each other Buyer Indemnified Party) any rights or remedies, whether arising at law or in equity, to seek contribution, cost recovery, damages, or any other recourse or remedy, from or against Seller arising from any liabilities under Environmental Laws, any other environmental matters, or any other matters involving the posting of Company Bonds or any operations under Environmental Permits. To the extent that any Environmental Permits have not been transferred to Buyer (or any of the Companies operating on and after the Closing) as of the Closing, Buyer will assume, comply with, and be solely responsible for the satisfaction of all obligations under such Environmental Permits, including any such obligations imposed on the designated permittee under such Environmental Permits, and Seller and Buyer shall cooperate with each other and work with the relevant Governmental Body to effectuate the final transfer of such Environmental Permits as soon as reasonably practicable. From and after the Closing, aside from such right to indemnification, Buyer shall (and shall cause each other Buyer Indemnified Party to) release, acquit, forever discharge and indemnify and defend Seller and its Affiliates from any and all damages of whatever nature or type (including attorneys' fees), including all claims, demands and causes of action for contribution and indemnity under statute or common law, that could be asserted now or in the future and that relate to or in any way arise out of, liabilities arising under Environmental Laws, any other environmental matters, or any other matters involving the posting of Company Bonds or compliance with any Environmental Permits, including any post-Closing operations under existing Environmental Permits not yet transferred to Buyer (or any of the Companies operating on and after the Closing), concerning any Company, its business, assets and operations (whether past, present or future) (other than the Excluded Assets and Excluded Liabilities).

Section 9.09 Software Rights and Shared Services. Except as expressly provided in the Transition Services Agreement, from and after Closing, neither Buyer nor any of the Companies shall have any: (a) ownership right or any right to use any software owned by or licensed to Seller or any of its Affiliates (other than software owned exclusively by or licensed solely to the Companies and not part of any umbrella, enterprise or shared ownership or licensing arrangement); or (b) right to any service, support or right to participate in or receive any benefits under or from, any procurement, supply, sourcing, sales, distribution, transportation, logistics, technical services or other shared, umbrella or enterprise arrangement involving the business or operations of Seller and its Affiliates (other than the Companies) in whole or in part or any employee or group of employees or any contractor of Seller or its Affiliates (other than the Companies).

Section 9.10 Releases. If as of the Closing, Seller or any of its Affiliates (other than the Companies) have not been released in respect of the obligations of Seller and any of its Affiliates (other than the Companies) under Permits for any obligations described therein, Buyer shall, as expeditiously as possible following the Closing, take all actions necessary to obtain the final release of Seller or its Affiliate, as applicable, under such obligations.

Section 9.11 Tax Matters.

(a) Seller shall deliver to Buyer, on or prior to the Closing Date, a certificate, duly executed and acknowledged by Seller and signed under penalties of perjury, that satisfies the requirements set forth in U.S. Treasury Regulation Section 1.1445-2(b)(2) and is in a form reasonably acceptable to Buyer. Buyer shall not withhold any amount from the payment of the Estimated Purchase Price at Closing.

(b) Subject to all applicable limitations and liability caps provided in Section 8.02(c) and Section 8.07, Seller shall be responsible for and shall indemnify and hold each of (i) the Buyer Indemnified Parties and (ii) any direct or indirect owners of Buyer harmless from and against any and all Seller Taxes, any and all Taxes payable in connection with the Restructuring (or otherwise regarding the Excluded Assets) and any and all Taxes of or imposed on Seller or any Affiliate of Seller (other than a Company) arising from the transactions described in this Agreement (other than Transfer Taxes required to be borne by Buyer pursuant to Section 9.11(e)), and (without duplication) any Damages resulting from any of the foregoing. Buyer shall be responsible for and shall indemnify and hold Seller harmless from and against all Taxes (other than Seller Taxes) payable by each Company attributable to periods (or portions thereof) beginning after the Closing Date. Each party hereto shall invoice the other party for the amount of Taxes that the other party is responsible for pursuant to this Section 9.11(b), and such amount shall be paid by the other party within twenty (20) days of receipt of such invoice.

(c) For purposes of determining Seller's and Buyer's respective shares of Taxes that are payable with respect to any Straddle Period, the portion of any such Tax attributable to the portion of the period ending on the Closing Date and the portion beginning after the Closing Date shall be: (i) in the case of ad valorem and Property Taxes and other similar Taxes imposed on a periodic basis, deemed to be the amount of such Taxes for the entire period, multiplied by a fraction, the numerator of which is the number of calendar days in the portion of the Straddle Period ending on the Closing Date and the denominator of which is the number of calendar days in the entire Straddle Period; and (ii) in the case of all other Taxes, determined based on an interim closing of the books as of the Adjustment Time. For the avoidance of doubt (and without double counting), any Taxes that were included as a current liability in the calculation of Working Capital for purposes of determining the Final Purchase Price shall be taken into account as amounts Seller has already paid for determining each party's actual amount of share of Taxes that are payable with respect to any Straddle Period. To the extent the Taxes included as a current liability in the calculation of Working

Capital for purposes of determining the Final Purchase Price exceed Seller's share of such Taxes as determined under this Section 9.11(c), Buyer shall pay Seller any such excess pursuant to Section 9.11(b), to the extent not received by Buyer.

(d) Buyer shall pay to Seller the amount of any refund of Taxes received by Buyer or any Company (and the benefit of any credit applied against other Taxes of any Company) following the Closing to the extent such refund exceeds any refund for Taxes taken into account in the Statement (as finalized in accordance with Section 1.04) and is attributable to any period ending on or prior to the Closing Date. To the extent any refund of Taxes is not received by the Buyer within one year of the Closing Date and is included in the Statement, Seller shall pay the amount of such shortfall to Buyer. Buyer shall furnish or cause to be furnished to Seller, upon request and at the expense of Seller, as promptly as practicable, such information and assistance relating to the Companies as is reasonably necessary for Seller to obtain any refund or credit relating to any Company for any period ending on or prior to the Closing Date.

(e) All sales (including bulk sales), use, value added, documentary, stamp, gross receipts, registration, transfer, conveyance, excise, recording, license, stock transfer, stamp and other similar Taxes and fees arising out of or in connection with or attributable to the transactions effected pursuant to this Agreement ("Transfer Taxes") shall be borne by Buyer; provided, that, any Transfer Taxes incurred in connection with the Restructuring shall be borne exclusively by Seller. The parties hereto shall timely file their Tax Returns relating to Transfer Taxes as required by Applicable Law and shall notify the other party when such filings have been made. Seller and Buyer shall cooperate and consult with each other prior to filing such Tax Returns to ensure that all such returns are filed in a consistent manner and shall promptly reimburse a party who has paid more Transfer Taxes than the amount for which it is responsible. Seller and Buyer shall cooperate, in good faith and to the extent possible, in qualifying for available exemptions or exclusions from Transfer Taxes and in minimizing, to the extent permissible under Applicable Law, the amount of any such Transfer Taxes.

(f) Each party hereto shall use commercially reasonable efforts to cooperate, as and to the extent reasonably requested by the other party, in connection with the preparation, execution and filing of Tax Returns of or including the assets or results of operations of any Company and in connection with any audit, litigation or other proceeding with respect to Taxes relating to any Company (each a "Tax Proceeding"). Such cooperation shall include the retention and, upon the other party's request, the provision of records and information that are reasonably relevant to any such Tax Return or Tax Proceeding, making employees available on a mutually convenient basis to provide additional information, and explaining any materials provided pursuant to this Section 9.11(f). The party that may be liable under this Agreement or under Applicable Law for Taxes of the Companies (the "Controlling Party") shall have the right, at its own expense, to control the portion of any audit, examination, or other administrative or judicial proceeding, contest, assessment, notice of deficiency, or other adjustment or proposed adjustment relating to such Taxes (a "Tax Contest"). The non-controlling party shall have the right to participate in any proceeding, or portion thereof, relating to the Companies. To the extent that both Parties may be liable for any Taxes that are the subject of such Tax Proceeding, the Parties shall cooperate in good faith to divide such Tax Proceeding into separate Tax Proceedings controlled by the Party that is responsible for such Taxes, and if such division is not possible, Buyer shall be the Controlling Party with respect to such Tax Proceeding. Each party shall give prompt written notice of any Tax Contest to the other party and, as applicable, shall execute appropriate powers of attorney so as to allow the Controlling Party to control any such Tax Contest as described above; provided, that, the failure to provide such notice shall not release the Controlling Party from any indemnification obligation under this Agreement except to the extent that the Controlling Party is actually prejudiced by such failure. If a party elects to assume the defense of any Tax Contest, the Controlling Party shall keep the non-controlling party reasonably informed of all material developments and events relating

to such Tax Contest. The Controlling Party shall not settle any Tax Contest without the prior written consent of the non-controlling party (such consent, not to be unreasonably withheld, conditioned, or delayed). If the Controlling Party does not elect to assume the defense of any Tax Contest, the party who received notice of such Tax Contest shall control such Tax Contest, and shall keep the other party reasonably informed of all material developments and events relating to such Tax Contest, and shall not settle such Tax Contest without the prior written consent of the other party (such consent, not to be unreasonably withheld, conditioned, or delayed).

(g) Seller shall timely prepare and file, or shall cause to be timely prepared and filed, all Tax Returns of or for the Companies due on or prior to the Closing Date and any Tax Return for any consolidated, combined or unitary group that includes Seller or any Affiliate of Seller other than the Companies for a Pre-Closing Period or a Straddle Period, and pay any Tax shown as due thereon. Such Tax Returns shall be prepared in a manner consistent with past practices except as required by Applicable Law.

(h) Buyer shall timely prepare and file, or shall cause to be timely prepared and filed, all Tax Returns of Companies due after the Closing Date other than Tax Returns required to be prepared by Seller under Section 9.11(g) (the "Buyer Prepared Tax Returns"). To the extent that a Buyer Prepared Tax Return relates to a Pre-Closing Period or Straddle Period, such Tax Returns shall be prepared in a manner consistent with past practices except as required by Applicable Law. Seller shall have the right to review and reasonably comment on the Tax Returns described in the preceding sentence during the fifteen (15) Business Day period following the receipt of such Tax Returns. Seller and Buyer shall consult with each other and attempt in good faith to resolve any issues arising as a result of such Tax Returns and, if they are unable to do so, the disputed items shall be resolved (within a reasonable time, taking into account the deadline for filing such Tax Return) by the Accounting Firm. Upon resolution of all such items, Buyer will cause the relevant Tax Return to be timely filed on that basis; provided, that, if after using commercially reasonable efforts, the parties are unable to resolve the matter in dispute before any Tax Return that is the subject of a disagreement is due, such Tax Return may be filed as prepared (or caused to be prepared) by Buyer, subject to adjustment or amendment upon resolution, and the making of any payments necessary to give effect to the resolution. Each party shall bear its own costs of presenting the issues before the Accounting Firm; provided, that, the fees of the Accounting Firm relating to the dispute resolution shall be borne by the parties in accordance with Section 1.04(d). Not later than five (5) days prior to the due date for payment of Taxes with respect to any Tax return for a Pre-Closing Period or Straddle Period, the Seller shall pay to Buyer the amount of any Seller Taxes that it has not yet paid with respect to such Tax Return.

(i) Unless required by Applicable Law or except as set forth below, none of Buyer, its Subsidiaries or its Affiliates shall amend, and Buyer shall prevent the Companies from amending, any Tax Returns of any Company for any Pre-Closing Period without the prior written consent of Seller if such amended Tax Return would materially increase the amount of Seller Taxes or subject Seller or its Affiliates to additional Taxes under Applicable Law. Notwithstanding the above, Buyer may file or cause to be filed an amended Tax Return even if not required by Applicable Law without the consent of Seller if (and only if) Seller and its Affiliates would not be liable for such Taxes under Applicable Law, provided, that, any additional Taxes resulting therefrom will not be deemed to constitute Seller Taxes. Seller shall not be liable under Section 9.11 for any Taxes which arise by reason of any extraordinary item within the meaning of Section 1.1502-76(b)(2)(ii)(C) of the U.S. Treasury regulations that occurs or results from a transaction that takes place after the Closing, including any transaction entered into out of the Ordinary Course of Business by Buyer, any Company or any of their respective Affiliates (other than Seller or its Affiliates) on the Closing Date but after the Closing, but excluding, for the avoidance of doubt, in connection with any election made pursuant to Section 9.11(k).

(j) Buyer shall prepare a schedule (the "Allocation Schedule") allocating $358,000,000 and any other items constituting consideration for applicable Income Tax purposes (to the extent known at such time) in accordance with Section 1060 of the Code and the U.S. Treasury regulations promulgated thereunder. Buyer shall deliver the Allocation Schedule to Seller within twenty (20) days from the date of this Agreement. Seller shall have twenty (20) days after the receipt of the Allocation Schedule to review and to provide Buyer with written notice of Seller's objection to the Allocation Schedule, which notice shall include a statementindicating the items in the Allocation Schedule disputed and the basis in reasonable detail for its objections. If Seller does not provide written notice of its objection to the Allocation Schedule within such twenty (20) day period, the Allocation Schedule shall be deemed final, binding and conclusive on Buyer and Seller (the "Final Allocation"). If Seller provides written notice of its objection to the Allocation Schedule within such twenty (20) day period, Buyer and Seller shall negotiate in good faith to agree upon a revised allocation, and any such agreed upon allocation shall become the Final Allocation. If Buyer and Seller cannot agree upon a revised allocation within ten (10) days following Seller's written notice of its objection to the Allocation Schedule, then the items in dispute shall be submitted to the Accounting Firm, and the Accounting Firm's decision on such disputed matters, together with any agreed upon matters, shall constitute the Final Allocation. Buyer and Seller shall use their commercially reasonable efforts to cause the Accounting Firm to make its determination as promptly as possible and in any event within thirty (30) days after the Accounting Firm has been retained, including, without limitation, by promptly complying with all reasonable requests for information, books, records and similar items (except to the extent privileged). The cost and expense of the Accounting Firm for purposes of the foregoing dispute resolution shall be borne fifty percent (50%) by Buyer and fifty percent (50%) by Seller. The Final Allocation, whether determined by the Accounting Firm or separately agreed to by the parties, shall be final, binding and conclusive on Buyer and Seller. In the event that any subsequent adjustment to the Purchase Price occurs as a result of (i) any indemnity payments made pursuant to this Agreement, (ii) any adjustment to the amount of assumed Liabilities or (iii) for any other reason, including the determination of the Final Purchase Price pursuant to Section 1.04, Buyer shall adjust the allocations under this Section 9.11(j) and if Seller objects to such allocation, the parties shall utilize the dispute mechanism set forth in this provision, as applicable. Seller and Buyer and their respective Affiliates shall report consistently with the Final Allocation in all Tax Returns, including Form 8594, which Buyer and Seller shall timely file with the IRS, and neither Seller nor Buyer (nor any of their respective Affiliates) shall take any position (whether in audits, Tax Returns or otherwise) that is inconsistent with such allocation unless required to do so by Applicable Laws. Seller shall timely and properly prepare, execute, file and deliver all such documents or other information as Buyer may reasonably request in preparing the Allocation Schedule and the Final Allocation, and Buyer shall timely and properly prepare, execute, file and deliver all such documents or other information as Seller may reasonably request in commenting on such Final Allocation. If Buyer fails to deliver the Allocation Schedule to Seller within twenty (20) days of the date of this Agreement, Seller shall have the right to cause the Accounting Firm to prepare the Allocation Schedule, which Allocation Schedule as and when prepared by the Accounting Firm shall constitute the Final Allocation and, in such case, Buyer shall promptly reimburse Seller fifty percent (50%) of the cost and expense of the Accounting Firm in preparing such Final Allocation.

(k) In connection with the sale of the Holdco Equity contemplated hereby, PIC shall cause an express election pursuant to Section 336(e) of the Code (and any corresponding elections under state, local or foreign Tax Law) and Section 1.336-2(h) of the U.S. Treasury regulations (collectively, a "Section 336(e) Election") to be made, as applicable for each of the Target Companies that is treated as a corporation for applicable Tax purposes, and Buyer and Seller shall comply with the rules and U.S. Treasury regulations applicable to such elections. PEC shall include any income, gain, loss, deduction, or other Tax item resulting from the Section 336(e) Election on its Tax Returns to the extent required by Applicable Laws. For purposes of making the Section 336(e) Election, Buyer shall allocate the "adjusted grossed-up basis" (within the meaning of Section 1.336-4 of the U.S. Treasury regulations) and Seller shall allocate the "aggregate deemed

asset disposition price" (within the meaning of Section 1.336-3 of the U.S. Treasury regulations), in each case, among the assets of such Target Companies in a manner consistent with the Final Allocation and in accordance with the principles and dispute mechanisms set forth in Section 9.11(j). The Section 336(e) allocations prepared in accordance with this Section 9.11(k) (the "Final Section 336(e) Allocations") shall be binding upon Buyer and Seller for purposes of allocating such "adjusted grossed-up basis" and "aggregate deemed asset disposition price" among the assets of such Target Companies, and no party shall file any Tax Return, or take a position with a Tax authority, that is inconsistent with the Final Section 336(e) Allocations. Seller and its Affiliates, on the one hand, and Buyer, on the other hand, shall report the transaction contemplated under this Agreement in the manner contemplated by the Section 336(e) Election and this Section 9.11(k), and Seller, PEC, PIC, Buyer, and the Target Companies shall (and PEC shall cause its Affiliates to) cooperate with each other, and supply such information to the other, as necessary in connection with the preparation and filing of the Section 336(e) Election and the matters and documents related thereto, including the preparation, filing, and retention of the written agreement contemplated by Section 1.336-2(h) of the U.S. Treasury regulations and the Section 336(e) election statement contemplated in Sections 1.336-2(h)(5) and (6) of the U.S. Treasury regulations. Seller shall be responsible for all Taxes incurred as a result of the elections contemplated by this Section 9.11(k), including federal income Taxes, state income and franchise Taxes (including any Taxes that result from the characterization of the gain from the deemed sale of assets pursuant to the Section 336(e) Election as business or non-business income for state income and franchise Tax apportionment purposes).

Section 9.12 MOU BB.

(a) Each of Buyer and Seller acknowledges and agrees that the MOU BB Coal Lands are dormant surface lands and are not operational. Buyer and Seller each acknowledge and agree that MOU BB expires by its terms at 11:59 p.m. on September 16, 2019 ("Expiration Time").

(b) As an inducement to Seller to enter into this Agreement, to the maximum extent permitted by Applicable Law, Buyer shall not, nor shall Buyer permit any Company or any third party, to directly or indirectly: (i) engage in the production of coal from the Sage Creek Portal; or (ii) employ persons engaged in any activity related to the actual or intended production of coal on the MOU BB Coal Lands before the Expiration Time unless (and only unless) Buyer assumes and performs the obligations, if any, set forth in MOU BB at the time it employs such persons or begins the production of such coal and executes documentation in form and substance reasonably satisfactory to Seller to evidence such obligations.

(c) Prior to any transfer, conveyance, assignment, lease or sublease of any MOU BB Coal Lands or any interest therein prior to the Expiration Time, Buyer shall ensure that any subsequent owner, lessee or licensee of MOU BB Coal Lands shall assume and agree to perform the obligations contained in this Section 9.12.

Section 9.13 Post-Closing Preparation of Audited Financial Statements. Seller will use its commercially reasonable efforts to provide such assistance as is reasonably requested by Buyer in connection with Buyer's preparation, as soon as reasonably practicable following the Closing (but in no event later than May 1, 2016 with respect to the financial statements contemplated by clause (x) of this Section 9.13) of an audited combined balance sheet and the related combined statement of operations of (i) CO Holdco and the Colorado Target Companies and (ii) NM Holdco and the New Mexico Target Companies that (x) relate to the 2015 fiscal year through the Closing Date, if the Closing occurs prior to or on December 31, 2015 or (y) relate to the 2015 fiscal year and the 2016 fiscal year through the Closing Date, if the Closing Date occurs after December 31, 2015, in each case, at Seller's own expense except for out-of-pocket expenses, which out-of-pocket expenses Buyer will reimburse promptly following receipt from Seller of reasonable

documentation evidencing such expenses. Notwithstanding the foregoing, nothing in this Section 9.13 shall require assistance to the extent the same would require Seller or any of its Affiliates to pay any fees, reimburse any expenses or give any indemnities or incur any other Liability or obligation (in the case of the Companies, prior to the Closing Date).

Section 9.14 Excluded Asset Storage. Following the Closing, Buyer will, and will cause a New Mexico Target Company to provide to Seller and its Affiliates, as appropriate, bailment services with respect to the Excluded Assets listed on Schedule 9.14 physically located at the property set forth in Schedule 9.14 (the "Bailed Excluded Assets") for a period of two (2) years following the Closing Date (the "Bailment Period"). During the Bailment Period, Seller will assume all risk of loss or damage, and all costs of transportation, with respect to the Bailed Excluded Assets, and shall obtain and pay for any insurance with respect to any such loss or damage, and any liability arising in connection with the transportation of such assets. Seller will provide Buyer with notice of the removal date at least ten (10) Business Days prior thereto. Buyer will, and will cause the New Mexico Target Companies to cooperate fully with Seller and its Affiliates in the removal of the Bailed Excluded Assets.

Section 9.15 Post-Closing Cooperation. Following the Closing, Seller shall promptly pay or deliver to the Buyer (or a Company as instructed by Buyer) any monies or checks which have been sent to Seller or any of its Subsidiaries after the Closing Date by customers, suppliers or other contracting parties of the Business and which should have been sent to one of the Companies in accordance with the principles set forth in the Contribution and Restructuring Agreement, acknowledging that accounts receivable attributable to pre-Closing periods will not be included in Working Capital. Following the Closing, Buyer shall promptly pay or deliver, or shall cause its Affiliates to promptly pay or deliver, to Seller (or an Affiliate of Seller as instructed by Seller) any monies or checks which have been sent to Buyer or any of its Affiliates after the Closing Date by customers, suppliers or other contracting parties of the Business and which are properly payable to Seller. In furtherance of the foregoing, Buyer acknowledges and agrees that Seller and its Affiliates (other than the Companies following the Closing) shall be entitled, at its own cost and expense, to pursue and collect, in Seller's sole discretion but in coordination with Buyer, all accounts receivable retained by Seller and its Affiliates (other than the Companies following the Closing).

ARTICLE X
DEFINITIONS

Section 10.01 Definitions. For purposes hereof, the following terms, when used herein with initial capital letters, shall have the respective meanings set forth herein:

"Accounting Firm" has the meaning set forth in Section 1.04(d).

"Accounting Principles" has the meaning set forth in Section 1.04(c).

"Acquisition Transaction" has the meaning set forth in Section 5.11.

"Adjustment Time" means 12:01 a.m. on the Closing Date.

"Affiliate" of any particular Person means any other Person controlling, controlled by or under common control with such particular Person. For the purposes of this definition, "controlling," "controlled" and "control" means the possession, directly or indirectly, of the power to direct the management and policies of a Person whether through the ownership of voting securities, contract or otherwise.

"Agreement" has the meaning set forth in the preamble.

"Allocation Schedule" has the meaning set forth in Section 9.11(j).

"Antitrust Law" shall mean, collectively, (a) the Hart-Scott-Rodino Antitrust Improvements Act, as amended; (b) the Sherman Antitrust Act of 1890, as amended; (c) the Clayton Act of 1914, as amended; (d) the Federal Trade Commission Act of 1914, as amended; (e) any other Applicable Law designed or intended to prohibit, restrict, or regulate foreign investment or mergers or acquisitions, antitrust, monopolization, restraint of trade or competition; and (f) any Applicable Law that requires one or both parties to certain mergers, acquisitions and joint ventures to submit notifications to Governmental Bodies charged with enforcing any Applicable Laws specified in (a) through (e) of this definition (commonly known as merger control).

"Antitrust Litigation" has the meaning set forth in Section 5.05(d).

"Applicable Laws" means all applicable federal, state, local or foreign laws (including common law), statutes, rules, regulations, ordinances, directives, judgments, orders (judicial or administrative), decrees, injunctions and writs of any Governmental Body or any similar provisions having the force or effect of law.

"AR Adjustment Amount" means $18,000,000.00.

"Audited Financial Statements" has the meaning set forth in Section 5.15.

"Baca Spur LP Interest" means that certain 27.56% limited partnership interest of LRCS Limited Partnership, a New Mexico limited partnership, owned by Peabody Natural Resources Company (one of the New Mexico Target Companies).

"Bailed Excluded Assets" has the meaning set forth in Section 9.14.

"Bailment Period" has the meaning set forth in Section 9.14.

"Balance Sheet Date" means September 30, 2015.

"Benefit Costs" has the meaning set forth in Section 6.01(b).

"Benefit Invoice" has the meaning set forth in Section 6.01(b).

"Benefits Continuation Period" has the meaning set forth in Section 6.01(b).

"BRP" has the meaning set forth in Section 4.07(a).

"Budgeted Capital Expenditures" means the total budgeted capital expenditures in respect of the Business between the date hereof and the Termination Date as set forth on Schedule 10.01(a).

"Business" means the business of the exploration for and mining of coal, and reclamation activities, as presently conducted by Seller and its Affiliates (including the Companies) in the Ordinary Course of Business as of the date hereof in Northwest Colorado and in New Mexico, including at the Twentymile (Foidel Creek) Mine in Colorado, the Sage Creek Mine in Colorado, the Yoast Mine in Colorado, the Seneca 2 Mine in Colorado, the Seneca 2W Mine in Colorado, the Williams Fork (Empire) Mine in Colorado, the Hayden Gulch Terminal in Colorado, the Mesa Gravel Pit in Colorado, the Red Rock Gravel Pit in Colorado, the El Segundo Mine in New Mexico and the Lee Ranch Mine in New Mexico, but not at the locations referenced in Schedule 3.08(f).

"Business Day" means any day that is not a Saturday, a Sunday or other day on which banks are required or authorized by law to be closed in New York, New York.

"Buyer" has the meaning set forth in the preamble.

"Buyer Claims" has the meaning set forth in Section 8.01.

"Buyer Fundamental Representation" has the meaning set forth in Section 9.01.

"Buyer Guarantor" means Bowie Resource Holdings, LLC, a Delaware limited liability company.

"Buyer Guaranty" means the Guaranty issued by Buyer Guarantor included in the signature page hereto.

"Buyer Indemnified Parties" has the meaning set forth in Section 8.01.

"Buyer Material Adverse Effect" means any event, occurrence, fact, condition or change that, individually or in the aggregate, is or would reasonably be expected to have a material adverse effect on the ability of Buyer to consummate the transactions contemplated hereby.

"Buyer Prepared Tax Return" has the meaning set forth in Section 9.11(h).

"Buyer Related Parties" means Buyer, the Buyer Guarantor, the Debt Financing Sources and the Equity Investor, or any of their respective former, current and future direct or indirect equityholders, controlling persons, stockholders, directors, officers, employees, agents, Affiliates, members, managers, general or limited partners or assignees.

"Buyer Warranty Breach" has the meaning set forth in Section 8.03.

"Buyer's Environmental Assessments" has the meaning set forth in Section 5.13.

"Buyer's knowledge" means the actual knowledge of John Siegel, Manie Dreyer, Jim Wolff, Grant Quasha and Brian Settles.

"Charter Documents" has the meaning set forth in Section 3.01.

"Claim" shall mean any demand, claim, citation or notice including notices of violation sent or given by a Person to another Person in which the former asserts that it has suffered Damages or has become party to a Proceeding that is the responsibility of the latter or that the latter otherwise has Liability under, or has violated any Applicable Laws including Environmental Laws or any Environmental Permit.

"Claimant" has the meaning set forth in Section 3.14(k).

"Closing" has the meaning set forth in Section 1.03.

"Closing Date" has the meaning set forth in Section 1.03.

"Closing Date Balance Sheet" has the meaning set forth in Section 1.04(b).

"CO Holdco" means Peabody Colorado Operations, LLC, a Delaware limited liability company.

"Code" means the Internal Revenue Code of 1986, as amended.

"Colorado Target Companies" Twentymile Holdings, LLC, a Delaware limited liability company, Twentymile Coal, LLC, a Delaware limited liability company, Sage Creek Holdings, LLC, a Delaware limited liability company, Peabody Sage Creek Mining, LLC, a Delaware limited liability company, Hayden Gulch Terminal, LLC, a Delaware limited liability company, Colorado Yampa Coal Company, a Delaware corporation, Juniper Coal Company, a Delaware corporation, Peabody Williams Fork Mining, LLC, a Delaware limited liability company, Moffat County Mining, LLC, a Delaware limited liability company, Peabody Colorado Services, LLC, a Delaware limited liability company, Peabody Rocky Mountain Management Services, LLC, a Delaware limited liability company, Peabody Rocky Mountain Services, LLC, a Delaware limited liability company, Peabody Twentymile Mining, LLC, a Delaware limited liability company, Seneca Property, LLC, a Delaware limited liability company, Twentymile Equipment Company, LLC, a Delaware limited liability company.

"Company" has the meaning set forth in the recitals. References in this Agreement to "Company" or "Companies," insofar as such references to "Company" or "Companies" refer to Southwest Holdco, refer to Southwest Holdco taking into account the Restructuring as if such actions had occurred on January 1, 2015 unless otherwise specified.

"Company Bond" means any deposit, letter of credit, trust fund, bid bond, performance bond, reclamation bond, surety bond and obligation under any self-bonding or similar payment or performance security or credit enhancement arrangement, including any guarantee or similar obligation, under any Permit, Applicable Law, lease-by-application or any other lease for surface property or mineral rights (and all such similar undertakings).

"Company Confidential Information" means any information concerning the business and affairs of any Company that is not generally available to the public (other than through a breach of a confidentiality obligation or similar obligation owed to the Companies).

"Company Employee" has the meaning set forth in Section 6.01(a).

"Company Intellectual Property Rights" has the meaning set forth in Section 3.09(a).

"Company Transaction Expenses" means, without duplication and to the extent unpaid as of the Closing and not taken into account in the calculation of Working Capital, the collective amount of all out-of-pocket fees, costs and expenses incurred by the Companies or Seller (to the extent that any Company is responsible for the payment thereof) in connection with the sale of the Companies (including, without limitation, fees, costs and expenses of legal counsel, investment bankers, brokers or other representatives and consultants and appraisal fees, costs and expenses).

"Confidentiality Agreement" has the meaning set forth in Section 5.01.

"Consent" means any consent, approval, Permit, or other authorization obtained from any Person, including any Governmental Body.

"Contract" means any written contract, lease, indenture, note, bond, license, agreement, instrument or commitment.

"Contract Mining Right" has the meaning set forth in Section 3.08(d).

"Contribution and Restructuring Agreement" is attached hereto as Exhibit B.

"Controlling Party" has the meaning set forth in Section 9.11(f).

"Cooperation Covenant" has the meaning set forth in Section 5.04(g).

"Damages" has the meaning set forth in Section 8.01.

"De Minimis Claim" has the meaning set forth in Section 8.02(a).

"Debt" means (without duplication) the Companies' combined amount of all obligations for the principal of and premium (if any) for borrowed money or other obligations evidenced by notes, bonds, debentures or similar instruments determined as of the Adjustment Time and in accordance with Section 1.04(c) and specifically excluding: (a) liabilities related to intercompany balances between or among any of the Companies; (b) liabilities related to balances between or among any of the Companies and their respective Affiliates (other than the Companies) or Affiliates of Seller to the extent terminated or otherwise satisfied at Closing; (c) any liabilities included in the calculation of the Working Capital; (d) any obligation under operating leases; and (e) any Excluded Liabilities. For the avoidance of doubt, "Debt" shall include the Companies' capital leases.

"Debt Financing" has the meaning set forth in Section 5.04(e).

"Debt Financing Sources" means any lender, underwriter or any other Person who is a party to any agreement, arrangement or understanding with Buyer, its Subsidiaries or their respective Affiliates in relation to any actual or prospective Debt Financing.

"Deductible" has the meaning set forth in Section 8.02(b).

"DOJ" means the United States Department of Justice.

"Employee Benefit Plan" has the meaning set forth in Section 3.13(a).

"Employee Related Liabilities" means, collectively, any liability related to the Company Employees, to the extent such liability relates to, results from, arises out of or was incurred in connection with such employees' employment with Seller or any of its Affiliates prior to the Closing, or termination of employment on or after the Closing Date, other than with respect to any liability relating to any Plan that is not a Subsidiary Plan or with respect to any liability for or otherwise related to any retiree welfare arrangements not assumed by Buyer pursuant to Section 6.01(b).

"Employee Withholding Documents" has the meaning set forth in Section 6.01(g).

"Enterprise Value" means $358,000,000.00, plus the amount of the Working Capital Overage, if any or minus the amount of the Working Capital Underage, if any.

"Environmental Laws" means all Applicable Laws relating to the protection of the environment (including air, water and soil), including for the avoidance of doubt the federal Surface Mining Control and Reclamation Act, as amended and all analogous state statutes and all implementing regulations, and all Applicable Laws relating to the generation, handling, transportation, treatment, storage, disposal, release or cleanup of any Hazardous Substance, as such of the foregoing are in effect on or prior to the Closing Date.

"Environmental Permits" has the meaning set forth in Section 3.18(a).

"Equity" has the meaning set forth in the recitals.

"Equity Commitment Letter" has the meaning set forth in Section 4.07(a).

"Equity Financing" has the meaning set forth in Section 4.07(a).

"Equity Investor" has the meaning set forth in Section 4.07(a).

"ERISA" has the meaning set forth in Section 3.13(a).

"ERISA Affiliate" has the meaning set forth in Section 3.13(e).

"Estimated Purchase Price" has the meaning set forth in Section 1.04(a).

"Estimated Purchase Price Statement" has the meaning set forth in Section 1.04(a).

"Excluded Assets" means the assets designated on Exhibit C.

"Excluded Liabilities" means (i) any liabilities, obligations and costs relating to or arising from the Excluded Assets, (ii) so long as Buyer is in compliance with Section 9.12, any UMWA Liabilities, (iii) any liabilities related to a Plan that is not a Subsidiary Plan, including any Seller Pension Plan, including any PBGC Claims thereunder, (iv) any liabilities, claims or costs for or otherwise relating to, arising out of or resulting from any post-retirement medical or other retiree welfare obligations with respect to any current or former employees, consultants, contractors, officers, directors or other service provider of the Seller or any of its Affiliates (including the Companies), except in the case of this clause (iv) to the limited extent otherwise specified in Section 6.01(b), and (v) any liabilities related to interest rate, currency or other hedging or swap arrangements.

"Expiration Time" has the meaning set forth in Section 9.12(a).

"Final Allocation Schedule" has the meaning set forth in Section 9.11(j).

"Final Purchase Price" has the meaning set forth in Section 1.04(d).

"Final Reopener Adjustment" means, in the event the customer under the Subject Contract delivers written notice (including via email) that it disputes in good faith the invoiced price included in the first invoice submitted to such customer for the first shipment of coal to the customer under the Subject Contract on or after January 1, 2016 (which invoice includes coal shipped at the "Contract Price" (as such term is used in Section 10.3 of the Subject Contract) in effect as of January 1, 2016), and the parties to the Subject Contract have not resolved such dispute in writing or otherwise prior to Closing, the Reopener Adjustment as calculated using the Inflated Ceiling Total Billing Price and PRB Total Billing Price as finally determined pursuant to the Subject Contract upon resolution of such dispute in accordance with Section 8.05 hereof.

"Final Section 336(e) Election" has the meaning set forth in Section 9.11(k).

"Financial Statements" has the meaning set forth in Section 3.06.

"Financing" has the meaning set forth in Section 5.04(e).

"Financing Failure" means any failure by Buyer to obtain a combination of Debt Financing and Equity Financing in an amount that will provide Buyer with sufficient funds to consummate the Closing.

"FLSA" means the Fair Labor Standards Act of 1938, as amended.

"FTC" means the United States Federal Trade Commission.

"GAAP" means United States generally accepted accounting principles as in effect on the date hereof, applied in a manner consistent with the Companies' past practice.

"Governmental Body" means any federal, state, local, municipal, foreign or other government or quasi-governmental authority or any department, agency, commission, board, subdivision, bureau, agency, instrumentality, court or other tribunal of any of the foregoing.

"Hazardous Substance" means any material classified, defined or identified as hazardous, extremely hazardous, toxic or radioactive or a contaminant or a pollutant under Environmental Laws.

"Holdco Equity" has the meaning set forth in the recitals.

"HSR Act" means the Hart-Scott-Rodino Antitrust Improvements Act of 1976, as amended.

"Income Tax" means any federal, state, local or foreign Tax measured by or imposed on net income.

"Indemnified Party" has the meaning set forth in Section 8.05(a).

"Indemnifying Party" has the meaning set forth in Section 8.05(a).

"Intellectual Property" means: (a) patents and statutory invention registrations; (b) trademarks, service marks, trade dress, logos, trade names, corporate names, business names and Internet domain names, and all goodwill associated therewith; (c) copyrighted works and copyrights; (d) trade secrets, confidential information, proprietary information, and know-how; and (e) as applicable, all registrations, applications, renewals, divisions, continuations, continuations-in-part, re-issues, re-examinations and foreign counterparts for any of the foregoing.

"Interim Financial Statements" has the meaning set forth in Section 3.06.

"Inflated Ceiling Total Billing Price" means the Ceiling Price (as such term is used in the Subject Contract) in effect as of January 1, 2016 as determined pursuant to Section 10.5 of the Subject Contract.

"Judgment" has the meaning set forth in Section 3.03(a).

"Leased Property" has the meaning set forth in Section 3.08(b).

"Legal Advisors" has the meaning set forth in Section 11.16.

"Liability" means any debt, damage, liability or obligation (whether direct or indirect, known or unknown, asserted or unasserted, absolute or contingent, accrued or unaccrued, liquidated or unliquidated, or due or to become due, and whether in contract, tort, strict liability or otherwise).

"Liens" means any lien, mortgage, security interest, pledge, charge or other encumbrance of any kind, and, solely with respect to any equity interests in any business entity, any pledge, option, right of first refusal, proxy, voting trust or agreement, or transfer restriction under any shareholder or similar agreement.

"Material Adverse Effect" means any event, occurrence, fact, condition or change that, individually or in the aggregate, has or would reasonably be expected to have a material adverse effect on: (a) the business, results of operations, financial condition or assets or properties of the Companies (or the business, results of operations, financial condition or assets or properties of the Companies taking into account the Restructuring), taken as a whole; or (b) the ability of Seller or the Companies to consummate the transactions contemplated hereby; provided, that, no event, occurrence, fact, condition or change that arises from or relates to the

following shall be deemed to constitute or shall be taken into account in determining whether there has been, a Material Adverse Effect: (i) the United States or foreign economic, financial or geopolitical conditions or events in general; (ii) changes in the financial or capital markets (including any disruption thereof, suspension of trading in, or limitation on prices for, securities on any exchange or any decline in the price of any security or any market index) or changes in interest rates; (iii) changes in Applicable Law, directives issued by any Governmental Body, regulations or standards affecting any of the Companies, its clients or customers or GAAP; (iv) changes in the coal industry or power generation industry generally, including increased competition in any market in which the Companies conduct business; (v) any shutdown, retirement or decommissioning of or alteration to or any planned or announced shutdown, retirement or decommissioning of or alteration to any power plant or other power generation facility; (vi) seasonal fluctuations in the Business; (vii) fluctuations in the price or supply of any commodities, raw materials or supplies; (viii) military conflicts or acts of foreign or domestic terrorism; (ix) any action required or permitted by this Agreement or any action taken (or omitted to be taken) with the written consent of or at the written request of Buyer; (x) the identity of Buyer as the purchaser of the Companies pursuant to this Agreement, the process leading to the execution or announcement of this Agreement, or the execution, announcement, pendency or completion of the transactions contemplated by this Agreement; (xi) any action or omission of Buyer or any of its Affiliates in violation of this Agreement; (xii) the initiation, anticipation, or pendency of any Proceeding relating to Antitrust Law seeking to restrain, preclude, enjoin, prevent or otherwise prohibit the sale of the Equity to Buyer as contemplated by this Agreement; or (xiii) any failure to meet financial projections or any estimates of revenues or earnings; provided, that, the underlying causes of any such failures described in this clause (xiii) (subject to the other provisions of this definition) shall not be excluded; except, in the case of the foregoing clauses (i), (ii), (iii), (iv), (vii) or (viii), to the extent such event, occurrence, fact, condition or change has had a material disproportionate adverse impact on the Companies, taken as a whole, relative to other businesses operating in the industry and geographic areas in which the Companies operate, and then only such material disproportionate impact shall be considered for purposes of this definition.

"Material Contract" has the meaning set forth in Section 3.10(a).

"Material Personal Property" has the meaning set forth in Section 3.07(a).

"MOU BB" means that certain Memorandum of Understanding BB attached as Exhibit E.

"MOU BB Coal Lands" means that certain Owned Property identified in MOU BB.

"New Mexico Target Companies" means El Segundo Coal Company, LLC, a Delaware limited liability company, Peabody New Mexico Services, LLC, a Delaware limited liability company, Peabody America, Inc., a Delaware corporation, Gallo Finance Company, a Delaware corporation, Peabody Natural Resources Company, a Delaware general partnership, American Land Holdings of New Mexico, LLC, a Delaware limited liability company, Peabody Southwestern Coal Company, a Delaware corporation, and NM Equipment Company, LLC, a Delaware limited liability company.

"NM Holdco" means New Mexico Coal Resources, LLC, a Delaware limited liability company.

"Notice of Disagreement" has the meaning set forth in Section 1.04(d).

"Obligations" has the meaning set forth in the Buyer Guaranty.

"Order" has the meaning set forth in Section 5.05(d).

"Ordinary Course of Business" means with respect to any Person or Persons the ordinary and usual course of day-to-day operations of the business of such Person or Persons through the date hereof consistent with past practice.

"Owned Property" has the meaning set forth in Section 3.08(a).

"Parent Guarantee" means any guarantee, indemnity, surety bond, letter of credit or letter of comfort issued by Seller or any of its Affiliates (other and any of the Companies) relating solely to the Business, other than Company Bonds.

"PBGC" has the meaning set forth in Section 3.13(e).

"PBGC Claims" has the meaning set forth in Section 3.13(e).

"Permit" means any consent, approval, permit, license, certificate, exemption, order, declaration, filing, registration or other authorization issued by, or obtained from a Governmental Body.

"Permitted Liens" means any of: (a) Liens imposed by Applicable Law or any Governmental Body (but excluding any such Liens arising due to the Companies' failure to fulfill an undisputed monetary obligation such as late payment of Taxes or contractual obligations); (b) Liens arising under leases or otherwise affecting the interest of the lessor in leased property; (c) easements, covenants, rights-of-way, restrictions and other encumbrances of record that run with the land and do not materially detract from the value of the assets used in connection with the Business or materially interfere with the operation of the Business; (d) all exceptions, restrictions, easements, charges, rights-of-way and monetary and non-monetary Liens which are set forth in any Permit; (e) cashiers', landlords', mechanics', materialmens', carriers', workmens', repairmens', contractors', warehousemens' and similar Liens arising or incurred in the Ordinary Course of Business and for amounts which are not delinquent more than thirty (30) days; (f) Liens for current period Taxes not yet due and payable or for Taxes that the taxpayer is contesting in good faith through appropriate proceedings and, in each case, for which adequate reserves have been provided in any of the Financial Statements in accordance with GAAP; (g) purchase money security interests in respect of personal property; (h) matters disclosed on title surveys, title policies or preliminary title reports or other documents or writings included in the public records, in each case that do not materially detract from the value of the assets used in connection with the Business or materially interfere with the operation of the Business; (i) Liens pursuant to the express terms of an agreement set forth on Schedule 3.08(b), Schedule 3.08(d), or Schedule 3.08(e); (j) any Liens with respect to assets of the Companies (or assets the Companies will obtain in connection with the Restructuring), which, individually or in the aggregate, do not materially detract from the value of the Companies, or materially interfere with the present use of, the assets affected by such Liens or the conduct of the Business; and (k) Liens granted at the Closing by Buyer and/or any of its Affiliates.

"Person" means an individual, a partnership, a corporation, a limited liability company, an association, a joint stock company, a trust, a joint venture, an unincorporated organization or a Governmental Body.

"PEC" means Peabody Energy Corporation, a Delaware corporation.

"PIC" means Peabody Investments Corp., a Delaware corporation.

"Plan" has the meaning set forth in Section 3.13(a).

"PRB Total Billing Price" means the Total Billing Price (as such term is used in the Subject Contract) in effect as of January 1, 2016 resulting from the calculation of the Contract Price pursuant to Section 10.3 of the Subject Contract (which references Sections 10.2 of the Subject Contract) without regard to the

adjustment provision in the initial clause of Section 10.2 of the Subject Contract prior to the formula contained in Section 10.2 of the Subject Contract.

"Pre-Closing Period" shall mean any taxable year or period that ends on or before the Closing Date and, with respect to any taxable year or period beginning before and ending after the Closing Date, the portion of such taxable year or period ending on and including the Closing Date.

"Proceeding" has the meaning set forth in Section 3.09(b).

"Prohibitive Order" has the meaning set forth in Section 2.01(b).

"Property Taxes" means ad valorem, property, excise, or similar Taxes (including any interest, fine, penalty, or additions to tax imposed by any Governmental Body in connection with such Taxes) based upon operation or ownership of assets but excluding, for the avoidance of doubt, Income Taxes and Transfer Taxes.

"Pull and Refile" has the meaning set forth in Section 5.05(b).

"Purchase Price" has the meaning set forth in Section 1.01.

"Release" means any depositing, spilling, leaking, pumping, pouring, placing, emitting, discarding, abandoning, emptying, discharging, migrating, injecting, escaping, leaching, dumping, or disposing into the environment.

"Reopener Adjustment" means the product of (x) the amount, reflected as a whole number, for each $0.01 difference (rounded to the nearest $0.01), of the difference of (i) the Inflated Ceiling Total Billing Price, minus (ii) the PRB Total Billing Price, multiplied by (y) $220,000, provided that in no event shall such amount exceed $15,000,000. For example, if the Inflated Ceiling Total Billing Price is set at $26.92 and the PRB Total Billing Price is set at $26.89, the Reopener Adjustment would equal $660,000 (i.e., 3 multiplied by $220,000). For the avoidance of doubt, if the PRB Total Billing Price is greater than the Inflated Ceiling Total Billing Price, then the Reopener Adjustment would be $0.00.

"Required Information" means (a) the Audited Financial Statements in accordance with and subject to Section 5.15, (b) quarterly unaudited financial statements of (i) CO Holdco and the Colorado Target Companies and (ii) NM Holdco and the New Mexico Target Companies for quarters (other than the fourth fiscal quarter) ended more than forty-five (45) days prior to the Closing Date, (c) monthly production and cost reports of the Business prepared in the Ordinary Course of the Business for the periods contemplated by the immediately preceding clauses (a) and (b) and for any monthly period thereafter prior to the Closing Date prepared in the Ordinary Course of the Business, and (d) such other information reasonably requested by Buyer (or Buyer on behalf of its financing sources) in order to consummate the Financing to the extent such other information is available to Seller without obligation to generate any such other information.

"Resolution Period" has the meaning set forth in Section 1.04(d).

"Restructuring" means the transactions set forth in the Contribution and Restructuring Agreement.

"Retiree Medical Plan" has the meaning set forth in Section 6.01(b).

"Sage Creek Portal" means the mine shaft located on the MOU BB Coal Lands.

"Schedule Supplement" has the meaning set forth in Section 5.07.

"Schedules" has the meaning set forth in Article III.

"SEC" means the United States Securities and Exchange Commission.

"Second Request" has the meaning set forth in Section 5.05(b).

"Section 336(e) Election" has the meaning set forth in Section 9.11(k).

"Securities Act" means the Securities Act of 1933, as amended.

"Seller" has the meaning set forth in the preamble.

"Seller Additional Amounts" has the meaning set forth in Section 7.02(d).

"Seller Claims" has the meaning set forth in Section 8.03.

"Seller Fundamental Representation" has the meaning set forth in Section 9.01.

"Seller Guarantor" means PEC.

"Seller Guaranty" means the Guaranty issued by Seller Guarantor included in the signature page hereto.

"Seller Indemnified Parties" has the meaning set forth in Section 8.03.

"Seller Pension Plan" has the meaning set forth in Section 3.13(e).

"Seller Plans" has the meaning set forth in Section 3.13(a).

"Seller Taxes" means any and all Taxes imposed on or with respect to the Companies or any Affiliate of the Companies or for which any Company is otherwise liable: (a) for any Pre-Closing Period and for the portion of any Straddle Period ending on the Closing Date (determined in accordance with Section 9.11(c)); (b) resulting from a breach of the representations and warranties set forth in Section 3.11 or a breach by Seller of covenants set forth in Section 9.11; (c) of any member of any consolidated group of which any Company is or was a member on or prior to the Closing Date by reason of U.S. Treasury Regulation Section 1.1502-6(a) or any analogous or similar foreign, state, or local law; (d) resulting from any Section 336(e) Election as provided in Section 9.11(k); or (e) of any other Person for which any Company is or has been liable as a transferee or successor, by contract or otherwise with respect to a transaction, relationship or contract occurring or entered into during the periods or partial periods ending prior to Closing; provided, that no such Tax will constitute a Seller Tax to the extent such Tax was included as a current liability in the determination of Working Capital.

"Seller Warranty Breach" has the meaning set forth in Section 8.01.

"Seller's knowledge" means the actual knowledge of Christopher J. Hagedorn, Robert A. Mentle, Mark Scimio, Delbert L. Lobb, Allen T. Capdeboscq and Bradley E. Phillips.

"SMCRA" means the Surface Mining Control and Reclamation Act of 1977.

"Southwest Holdco" has the meaning set forth in the Recitals.

"Standard Procedure" has the meaning set forth in Section 6.01(g).

"Statement" has the meaning set forth in Section 1.04(b).

"Straddle Period" means a taxable period beginning on or before the Closing Date and ending after the Closing Date.

"Subject Contract" has the meaning set forth in Section 5.16.

"Subject Guarantee" has the meaning set forth in Section 5.10(b).

"Subsidiary" means, with respect to any Person, any corporation, partnership, association or other business entity of which: (a) if a corporation, a majority of the total voting power of shares of stock entitled (without regard to the occurrence of any contingency) to vote in the election of directors, managers or trustees thereof is at the time owned or controlled, directly or indirectly, by that Person or one or more of the other Subsidiaries of that Person or a combination thereof; or (b) if a partnership, association or other business entity, a majority of the partnership or other similar ownership interests thereof is at the time owned or controlled, directly or indirectly, by any Person or one or more Subsidiaries of that Person or a combination thereof. For purposes hereof, a Person or Persons shall be deemed to have a majority ownership interest in a partnership, association or other business entity if such Person or Persons shall be allocated a majority of partnership, association or other business entity gains or losses or shall be or control the managing director, managing member, general partner or other managing Person of such partnership, association or other business entity.

"Subsidiary Plans" has the meaning set forth in Section 3.13(a).

"Support Materials" has the meaning set forth in Section 1.04(b).

"Survival Period" has the meaning set forth in Section 9.01.

"Target Companies" has the meaning set forth in the recitals.

"Target Companies Equity" has the meaning set forth in the recitals.

"Target Company Permits" has the meaning set forth in Section 3.21(a).

"Target Water Rights" has the meaning set forth in Section 3.08(e).

"Tax" or "Taxes" means: (a) any federal, state, local or foreign income, gross receipts, capital stock, franchise, business license, profits, withholding, social security, payroll, unemployment, workers' compensation, disability, social security, real property, ad valorem/personal property, stamp, excise, occupation, sales, use, transfer, value added, alternative minimum, estimated, or other similar tax, charge, fee, duty, levy, impost or other similar assessment imposed by any Governmental Body, including any interest, penalty or addition thereto, whether disputed or not; (b) any liability for payment of amounts described in clause (a) payable by reason of being a member of an affiliated, consolidated, combined, or unitary group including liability pursuant to U.S. Treasury Regulation Section 1.1502-6 (or any similar provision of state, local, or foreign law); and (c) any liability for payment of amounts described in clauses (a) or (b) as a result of transferee or successor liability, any tax sharing, tax indemnity or tax allocation agreement or any other contract to indemnify any other Person for taxes; provided that the definition of "Tax" shall not include any royalties payable to any Governmental Body.

"Tax Contest" has the meaning set forth in Section 9.11(f).

"Tax Proceeding" has the meaning set forth in Section 9.11(f).

"Tax Returns" means any return, declaration, report, claim for refund, information return or other document (including schedules or any related or supporting information, and including any amendment thereof) filed or required to be filed with any Governmental Body or other authority in connection with the determination, assessment or collection of any Tax or the administration of any laws, regulations or administrative requirements relating to any Tax.

"Termination Date" has the meaning set forth in Section 7.01(a)(ii).

"Termination Fee" has the meaning set forth in Section 7.02(d).

"Third-Party Claim" has the meaning set forth in Section 8.06.

"Transfer Taxes" has the meaning set forth in Section 9.11(e).

"Transferred Employee" has the meaning set forth in Section 6.01(g).

"Transition Services Agreement" shall mean the transition services agreement, in substantially the form of Exhibit D, entered into on the Closing Date by and between Buyer and PIC.

"UMWA Liabilities" means all Liabilities that relate to, are based on, or arise from any collective bargaining agreement that Seller or any of its Affiliates is a party to, including without limitation the WSA and any amendments or memorandums of understanding related thereto, including without limitation MOU BB, successorship obligations, hiring obligations, notice obligations, bargaining obligations, pay obligations, and obligations relating to or arising under or from any Plans, including without limitation, any pension plan withdrawal or other pension plan obligations.

"WARN Act" has the meaning set forth in Section 3.14(i).

"Water Rights" means all ditches, ditch rights, springs, spring rights, wells, well rights, storage rights, reservoirs, reservoir rights, appropriative rights of exchange, plans for augmentation, substitute supply plans, rights to water represented by shares of stock in mutual ditch or reservoir companies, water allotment contracts, water supply agreements and leases, water taps, rights in tributary, nontributary, and not nontributary ground water, and other rights in and to the use of water, whether or not adjudicated, together with any and all rights, claims and entitlements associated with the historic beneficial use of said water rights, and all ditches, reservoirs, embankments, flumes, headgates, measuring devices, wells, pumps, motors, pipelines, utilities and other structures and devices used for or associated with the diversion, conveyance, measurement, storage or use of the water and water rights, and all easements, rights of way, licenses, use permits, well permits, covenants, and contract rights therefore or pertaining thereto.

"WC Target" means $15,000,000.

"Working Capital" means the aggregate amount of the current assets of the Companies, excluding (x) all accounts receivable, (y) all intercompany receivable balances between or among any of the Companies and (z) any assets from Affiliates of such Company that will not remain on a Company's balance sheet immediately after Closing, less the aggregate amount of the current liabilities of the Companies, calculated in accordance with Exhibit A hereto, in each case determined as of the Adjustment Time and in accordance with Section 1.04(c) and specifically excluding: (a) liabilities related to intercompany payables or other balances between or among any of the Companies; (b) liabilities related to balances between or among any of the Companies and their respective Affiliates (other than the Companies) or Affiliates of Seller to the

extent terminated or otherwise satisfied at Closing; (c) any pushdowns or other allocations to any Company of accrued expenses from their Affiliates that will not remain on a Company's balance sheet immediately after Closing, including any out-of-pocket expenses incurred prior to Closing by any of the Companies solely in connection with the negotiation, execution and performance of this Agreement; (d) any Excluded Liabilities and (e) the current portion of Debt.

"Working Capital Overage" means the amount by which the Working Capital exceeds the WC Target.

"Working Capital Underage" means the amount by which the WC Target exceeds the Working Capital.

"WSA" means the 2013 Western Surface Agreement between Peabody Western Coal Company, Seneca Coal Company, LLC and International Union, United Mine Workers of America, as amended.

Section 10.02 Other Definitional Provisions. In this Agreement, unless a clear contrary intention appears:

(a) All references in this Agreement to Exhibits, Schedules, Articles, Sections, subsections and other subdivisions refer to the corresponding Exhibits, Schedules, Articles, Sections, subsections and other subdivisions of or to this Agreement unless expressly provided otherwise. Titles appearing at the beginning of any Articles, Sections, subsections or other subdivisions of this Agreement are for convenience only, do not constitute any part of this Agreement, and shall be disregarded in construing the language hereof.

(b) Exhibits, Schedules and other Attachments to this Agreement, including the Buyer Guaranty and Seller Guaranty, are attached hereto and by this reference incorporated herein for all purposes.

(c) The words "this Agreement," "herein," "hereby," "hereunder" and "hereof," and words of similar import, refer to this Agreement as a whole and not to any particular subdivision unless expressly so limited. The words "this Article," "this Section" and "this subsection," and words of similar import, refer only to the Article, Section or subsection hereof in which such words occur unless expressly provided otherwise. The words "or," "either" and "any" are not exclusive, and "including" (and with correlative meaning "include") means including without limiting the generality of any description preceding such term. The words "shall" and "will" have equivalent meanings, and no distinction should be deemed to exist between them.

(d) All references to "$" and dollars shall be deemed to refer to United States currency unless otherwise specifically provided.

(e) Pronouns in masculine, feminine or neuter genders shall be construed to state and include any other gender, and words, terms and titles (including terms defined herein) in the singular form shall be construed to include the plural and vice versa, unless the context otherwise requires.

(f) The singular number includes the plural number and vice versa.

(g) Reference to any Person includes such Person's successors and assigns but, if applicable, only if such successors and assigns are not prohibited by this Agreement, and reference to a Person in a particular capacity excludes such Person in any other capacity or individually.

(h) Reference to any agreement, document or instrument means such agreement, document or instrument as amended or modified and in effect from time to time in accordance with the terms thereof.

(i) Reference to any statute, law, rule or regulation means such statute, law, rule or regulation as amended, modified, codified, replaced or reenacted, in whole or in part, and in effect from time to time, including rules and regulations promulgated thereunder, and reference to any section or other provision of any statute, law, rule or regulation means that provision of the same from time to time in effect and constituting the substantive amendment, modification, codification, replacement or reenactment of such section or other provision.

ARTICLE XI
MISCELLANEOUS

Section 11.01 Press Releases and Communications. No press release or public announcement related to this Agreement or the transactions contemplated herein, or prior to the Closing, any other announcement or communication to the employees, clients or suppliers of the Companies, shall be issued or made by any party hereto without the written approval of each of Buyer and Seller, unless required by Applicable Law or the rules of any securities exchange (in the reasonable opinion of counsel to the party issuing such press release, announcement or communication) in which case Buyer and Seller shall have the right to review such press release, announcement or communication prior to its issuance, distribution or publication. Notwithstanding anything contained herein to the contrary, in no event shall Buyer or, after the Closing, the Companies have any right to use the name or mark of Seller or any of its Affiliates (including

the names and marks that are the subject of Section 9.06), or any abbreviation, variation or derivative thereof, in any press release, public announcement or other public document or communication without the express written consent of Seller.

Section 11.02 Expenses. Whether or not the Closing takes place, except as otherwise specifically provided herein, all costs and expenses incurred in connection with this Agreement and the transactions contemplated hereby shall be paid by the party incurring such expense; provided, that, Buyer and Seller shall each bear and pay fifty percent (50%) of the filing fees, if any, incurred under the HSR Act.

Section 11.03 Notices. All notices, demands and other communications to be given or delivered under or by reason of the provisions of this Agreement shall be in writing and shall be deemed to have been given: (a) when personally delivered; (b) when transmitted via telecopy (or other electronic or facsimile device) to the number or email address set out below if the sender on the same day sends a confirming copy of such notice by a recognized overnight delivery service (charges prepaid); (c) the day following the day (except if not a Business Day then the next Business Day) on which the same has been delivered prepaid to a reputable national overnight air courier service; or (d) the third (3rd) Business Day following the day on which the same is sent by certified or registered mail, postage prepaid. Notices, demands and communications, in each case to the respective parties, shall be sent to the applicable address, individual, facsimile number or email address set forth below (or to such other address, individual, facsimile number or email address as a party hereto may designate by notice to the other party):

Notices to Seller:

Peabody Investments Corp.
701 Market Street

St. Louis, Missouri 63101
Attn: Chief Legal Officer
Facsimile: (314) 342-3419
E-Mail: vdorch@peabodyenergy.com

with a copy (which shall not constitute notice) to:

Baker & McKenzie LLP
300 East Randolph Street
Suite 5000
Chicago, Illinois 60601
Attn: Lewis D. Popoff
Facsimile: (312) 861-2899
E-Mail: Lewis.Popoff@bakermckenzie.com

Notices to Buyer:

Bowie Resource Partners, LLC
6100 Dutchmans Lane, 9th Floor
Louisville, KY 40205
Attn: Brian S. Settles, Senior VP, Secretary & General Counsel

Email: bsettles@bowieresources.com

with a copy (which shall not constitute notice) to:

Holland & Hart LLP
222 South Main Street, Suite 200
Salt Lake City, Utah 84101
Attn: A. John Davis
Email: ajdavis@hollandhart.com

Section 11.04 Assignment. This Agreement and all of the provisions hereof shall be binding upon and inure to the benefit of the parties hereto and their respective successors and permitted assigns, except that neither this Agreement nor any of the rights, interests or obligations hereunder may be assigned or delegated by any party hereto without the prior written consent of the other parties hereto; provided, that, Buyer may, without relieving Buyer from its liabilities or obligations hereunder, assign this Agreement and its rights, interests or obligations hereunder to any of its Affiliates without the consent of any other party; provided, further, that, after the Closing, (i) either party may assign this Agreement and its rights, interests or obligations hereunder to any of its beneficial owners or successors by operation of law, without relieving such party from its liabilities or obligations hereunder and (ii) Buyer may assign this Agreement and its rights, interests or obligations hereunder to any Debt Financing Source (so long as Buyer remains fully liable for all of its obligations hereunder) pursuant to terms of the Debt Financing for purposes of creating a security interest herein or otherwise assigning collateral in respect of the Debt Financing.

Section 11.05 Severability. Whenever possible, each provision of this Agreement shall be interpreted in such manner as to be effective and valid under Applicable Law, but if any provision of this Agreement is held to be prohibited by or invalid under Applicable Law, such provision shall be ineffective only to the extent of such prohibition or invalidity, without invalidating the remainder of such provision or the remaining provisions of this Agreement, and the parties hereto shall amend or otherwise modify this

Agreement to replace any prohibited or invalid provision with an effective and valid provision that gives effect to the intent of the parties to the maximum extent permitted by Applicable Law.

Section 11.06 No Strict Construction; Schedules. The language used in this Agreement shall be deemed to be the language chosen by the parties hereto to express their mutual intent, and no rule of strict construction shall be applied against any Person. The Schedules have been arranged for purposes of convenience in separately titled sections corresponding to sections of this Agreement; provided, that, each section of the Schedules shall be deemed to incorporate by reference all information disclosed in any other section of the Schedules to the extent such disclosure and the applicability of such information is readily apparent on its face. Capitalized terms used in the Schedules and not otherwise defined therein have the meanings given to them in this Agreement. The specification of any dollar amount or the inclusion of any item in the representations and warranties contained in this Agreement and the specification of any dollar amount or the inclusion of any item in the Schedules or Exhibits is not intended to imply that the amounts, or higher or lower amounts, or the items so included, or other items, are or are not required to be disclosed (including whether such amounts or items are required to be disclosed as material or threatened) or are within or outside of the Ordinary Course of Business. The description of the provisions of any agreement, relationship or other matter with third parties contained herein is solely for the benefit of the parties to this Agreement and shall not constitute an admission by Seller vis-à-vis such third parties as to the interpretation or effect of such agreement, relationship or other matter, or otherwise modify the terms of such agreement, relationship or other matter. In disclosing any information in the Schedules, Seller and its Affiliates expressly do not waive any attorney-client privilege associated with any such information or any protection afforded by the

"work product doctrine" or "common interest doctrine" with respect to any of the matters disclosed or discussed herein. The inclusion in any part of the Schedules of information or the exclusion of information from any part of the Schedules will not be deemed to establish any level of materiality for purposes of this Agreement. The information contained in this Agreement and in the Schedules and Exhibits is disclosed solely for purposes of this Agreement, and no information contained herein or therein shall be deemed to be an admission by any party or any of its Affiliates to any third party of any matter whatsoever (including any violation of law or breach of contract). The representations and warranties of the parties hereto are made and given subject to the disclosures in the Schedules in addition to the requirements set forth in this Agreement. In the event of any inconsistency between the statements in the body of this Agreement, the Exhibits and Schedules (other than an exception expressly set forth as such in the Schedules), the statements in the body of this Agreement will control.

Section 11.07 Amendment and Waiver. This Agreement may only be amended, modified or supplemented by an agreement in writing signed by each party hereto. No waiver by any party hereto of any of the provisions hereof shall be effective unless explicitly set forth in writing and signed by the party so waiving. No waiver by any party hereto shall operate or be construed as a waiver in respect of any failure, breach or default not expressly identified by such written waiver, whether of a similar or different character, and whether occurring before or after that waiver. No failure to exercise, or delay in exercising, any right, remedy, power or privilege arising from this Agreement shall operate or be construed as a waiver thereof; nor shall any single or partial exercise of any right, remedy, power or privilege hereunder preclude any other or further exercise thereof or the exercise of any other right, remedy, power or privilege.

Section 11.08 Complete Agreement. This Agreement and the documents referred to herein (including the Confidentiality Agreement) contain the complete agreement between the parties hereto and supersede any prior understandings, agreements or representations by or between the parties, written or oral, which may have related to the subject matter hereof in any way.

Section 11.09 Counterparts. This Agreement may be executed in multiple counterparts (including by means of telecopied signature pages or electronic transmission in portable document format (pdf)), any one of which need not contain the signatures of more than one party, but all such counterparts taken together shall constitute one and the same instrument.

Section 11.10 Governing Law. This Agreement and any Claim, controversy or dispute arising under or related in any way to this Agreement, the relationship of the parties, the transactions leading to this Agreement or contemplated hereby, the relationship of the parties hereto, and/or the interpretation and enforcement of the rights and duties of the parties hereunder or related in any way to the foregoing, shall be governed by and construed in accordance with the internal, substantive laws of the State of Delaware applicable to agreements entered into and to be performed solely within such state without giving effect to the principles of conflict of laws thereof.

Section 11.11 CONSENT TO JURISDICTION AND SERVICE OF PROCESS. ANY LEGAL ACTION, SUIT OR PROCEEDING ARISING UNDER OR RELATED IN ANY WAY TO THIS AGREEMENT OR THE TRANSACTIONS LEADING TO THIS AGREEMENT OR CONTEMPLATED HEREBY, THE RELATIONSHIP OF THE PARTIES, AND/OR THE INTERPRETATION AND ENFORCEMENT OF THE RIGHTS AND DUTIES OF THE PARTIES HEREUNDER OR RELATED IN ANY WAY TO THE FOREGOING MAY ONLY BE INSTITUTED IN THE DELAWARE COURT OF CHANCERY (UNLESS SUCH COURT SHALL LACK SUBJECT MATTER JURISDICTION, IN WHICH CASE, IN ANY STATE OR FEDERAL COURT LOCATED IN DELAWARE) AND EACH PARTY

WAIVES ANY OBJECTION WHICH SUCH PARTY MAY NOW OR HEREAFTER HAVE TO THE LAYING OF THE VENUE OF ANY SUCH ACTION, SUIT OR PROCEEDING, AND IRREVOCABLY SUBMITS TO THE JURISDICTION OF ANY SUCH COURT IN ANY SUCH ACTION, SUIT OR PROCEEDING. SERVICE OF PROCESS WITH RESPECT THERETO MAY BE MADE UPON A PARTY BY MAILING A COPY THEREOF BY REGISTERED OR CERTIFIED MAIL, POSTAGE PREPAID, TO SUCH PARTY AT ITS ADDRESS AS PROVIDED IN SECTION 11.03. EACH OF THE PARTIES HERETO AGREES THAT IT WILL NOT BRING OR SUPPORT ANY ACTION, CAUSE OF ACTION, CLAIM, CROSS-CLAIM OR THIRD-PARTY CLAIM OF ANY KIND OR DESCRIPTION, WHETHER IN LAW OR IN EQUITY, AGAINST THE DEBT FINANCING SOURCES IN ANY WAY RELATING TO THIS AGREEMENT OR THE TRANSACTIONS CONTEMPLATED HEREBY, IN ANY FORUM OTHER THAN THE SUPREME COURT OF THE STATE OF NEW YORK, COUNTY OF NEW YORK, OR, IF UNDER APPLICABLE LAW EXCLUSIVE JURISDICTION IS VESTED IN THE FEDERAL COURTS, THE UNITED STATES DISTRICT COURT FOR THE SOUTHERN DISTRICT OF NEW YORK (AND APPELLATE COURTS THEREOF).

Section 11.12 WAIVER OF JURY TRIAL . EACH PARTY HERETO HEREBY ACKNOWLEDGES AND AGREES THAT ANY CONTROVERSY WHICH MAY ARISE UNDER THIS AGREEMENT OR ANY CREDIT AGREEMENT ENTERED INTO WITH ANY DEBT FINANCING SOURCES IS LIKELY TO INVOLVE COMPLICATED AND DIFFICULT ISSUES, AND THEREFORE EACH SUCH PARTY HEREBY IRREVOCABLY AND UNCONDITIONALLY WAIVES ANY RIGHT SUCH PARTY MAY HAVE TO A TRIAL BY JURY IN RESPECT OF ANY LITIGATION DIRECTLY OR INDIRECTLY ARISING OUT OF OR RELATING TO THIS AGREEMENT OR THE TRANSACTIONS CONTEMPLATED BY THIS AGREEMENT OR ANY CREDIT AGREEMENT ENTERED INTO WITH ANY DEBT FINANCING SOURCES. EACH PARTY CERTIFIES AND ACKNOWLEDGES THAT: (A) NO REPRESENTATIVE, AGENT OR ATTORNEY OF ANY OTHER PARTY HAS REPRESENTED, EXPRESSLY OR OTHERWISE, THAT SUCH OTHER PARTY WOULD NOT, IN THE EVENT OF LITIGATION, SEEK TO ENFORCE THE FOREGOING WAIVER; (B) EACH SUCH PARTY

UNDERSTANDS AND HAS CONSIDERED THE IMPLICATIONS OF THIS WAIVER; (C) EACH SUCH PARTY MAKES THIS WAIVER VOLUNTARILY; AND (D) EACH SUCH PARTY HAS BEEN INDUCED TO ENTER INTO THIS AGREEMENT OR ANY CREDIT AGREEMENT ENTERED INTO WITH ANY DEBT FINANCING SOURCES BY, AMONG OTHER THINGS, THE MUTUAL WAIVERS AND CERTIFICATIONS IN THIS SECTION 11.12.

Section 11.13 No Third-Party Beneficiaries. No Person other than the parties hereto shall have any rights, remedies, obligations or benefits under any provision of this Agreement, except for Persons entitled to indemnification pursuant to Section 5.03, Section 5.13, Section 8.01, Section 8.03, Section 9.08 and Section 9.11; provided that the Debt Financing Sources shall be considered third party beneficiaries with respect to Sections 7.02(d), 7.02(f), 11.04, 11.11, 11.12 and this Section 11.13 and the Equity Investor shall be considered a third party beneficiary with respect to Sections 7.02(d) and 7.02(e).

Section 11.14 Conflict Between Transaction Documents. The parties hereto agree and acknowledge that to the extent any terms and provisions of this Agreement are in any way inconsistent with or in conflict with any term, condition or provision of any other agreement, document or instrument contemplated hereby, this Agreement shall govern and control.

Section 11.15 Remedies

(a) Except as otherwise provided in this Agreement, any and all remedies herein expressly conferred upon a party hereto will be deemed cumulative with and not exclusive of any other remedy expressly conferred hereby and the exercise by a party of any one such remedy will not preclude the exercise of any other such remedy.

(b) The parties hereto understand and agree that the covenants and undertakings on each of their parts herein contained are uniquely related to the desire of the parties and their respective Affiliates to consummate the transactions contemplated herein, that the transactions contemplated herein represent a unique business opportunity at a unique time for each of Seller and Buyer and their respective Affiliates and further agree that irreparable damage would occur in the event that any provision of this Agreement were not performed in accordance with its terms and further agree that, although monetary damages may be available for the breach of such covenants and undertakings, monetary damages would be an inadequate remedy therefor. Accordingly, each party hereto agrees that, subject to the limitations set forth in Section 11.15(c), in the event of any breach or threatened breach by Seller, on the one hand, or Buyer, on the other hand, of any of their respective covenants or obligations set forth in this Agreement, Seller, on the one hand, and Buyer, on the other hand, shall be entitled to seek an injunction or injunctions, specific performance and other equitable relief to prevent or restrain breaches or threatened breaches of this Agreement and to specifically enforce the terms and provisions of this Agreement to prevent breaches or threatened breaches of or to enforce compliance with, the covenants and obligations of the other under this Agreement. Without limiting the foregoing, in the event of any breach or threatened breach by Buyer, subject to the limitations set forth in Section 11.15(c), and without being required to pursue or exhaust all remedies against Buyer, Seller may enforce the Buyer Guaranty in order to compel Buyer's performance of this Agreement. Without limiting the foregoing, in the event of any breach or threatened breach by Seller, and without being required to pursue or exhaust all remedies against Seller, Buyer may enforce the Seller Guaranty in order to compel Seller's performance of this Agreement. Any party seeking an injunction or injunctions to prevent breaches of this Agreement and to enforce specifically the terms and provisions of this Agreement shall not be required to provide any bond or other security in connection with any such order or injunction.

(c) Notwithstanding the foregoing, it is explicitly agreed that Seller shall be entitled to seek an injunction, specific performance and/or other equitable remedies to specifically enforce Buyer's obligations (i) to effect the Closing on the terms and conditions set forth in this Agreement if and only if (A) the conditions set forth in Section 2.01 and Section 2.02 have been satisfied (other than those conditions that by their nature are to be satisfied at the Closing; provided, that, with respect to the conditions set forth in Section 2.02(e), such conditions set forth in Section 2.02(e) are capable of being satisfied at the Closing) or have been waived (in writing) by Buyer in each case at the time the Closing is required to have occurred pursuant to Section 1.03, (B) Seller has irrevocably confirmed to Buyer in writing that, if specific performance is granted and the Financing is funded, Seller and the Companies are ready, willing and able to (and shall) perform their obligations in connection with effectuating the Closing and the Closing will occur pursuant to Article I (and Seller has not revoked such notice), (C) the Financing has been funded or the financing sources thereunder have indicated to Buyer in writing that the Financing will be funded at the Closing, and such indication does not express any reservation as to whether the applicable conditions to fund have been or will be satisfied, and (D) Buyer fails to consummate the Closing by the date the Closing is required to have occurred in accordance with Section 1.03 and (ii) to pay the Termination Fee and any Seller Additional Amounts in circumstances where such amounts are payable in accordance with Section 7.02(d).

Section 11.16 Privilege and Related Matters. Buyer acknowledges that Seller and the Companies have been represented by Seller's legal department and the law firms of Baker & McKenzie LLP, Dechert LLP, Thompson Coburn, Hunton & Williams and, only with respect to advice on water right, Holland & Hart (collectively, "Legal Advisors") in connection with the transactions contemplated herein. Buyer acknowledges that, while the representation by the Legal Advisors in the transactions contemplated herein has, in part, nominally been of the Companies, the true clients have been Seller and its Affiliates (other than the Companies). As a consequence, Buyer acknowledges and agrees that: (a) the holder of the privilege with respect to any discussions with any client of the Legal Advisors relative to the transactions contemplated herein on or prior the Closing Date will be Seller and no Company shall have any rights thereto; (b) it shall not take, and after Closing shall prevent any Company from taking, any action to attempt to disqualify any Legal Advisor from representing Seller or any of its Affiliates in connection with any dispute relating to this Agreement, any transaction agreements or documents related to this Agreement or the transactions contemplated herein based on the representation by any Legal Advisor of any Company in connection therewith on or prior to the Closing Date; and (c) after Closing, it shall, and shall cause any Company to, waive any conflicts that may arise in connection with any Legal Advisor representing Seller or any of its Affiliates.

Section 11.17 No Recourse. Notwithstanding anything that may be expressed or implied in this Agreement, Buyer and Seller agree and acknowledge that, except for the obligations of Buyer Guarantor under the Buyer Guaranty and except for the obligations of Seller Guarantor under the Seller Guaranty, no recourse under this Agreement or any other agreement or document executed and delivered in connection with the transactions contemplated herein shall be had against any former, current or future direct or indirect director, officer, manager, employee or owner of Seller or Buyer (including the Equity Investor) or any of their respective Affiliates, excluding Seller and Buyer (except to the extent any such Person is a party to the same and then only to the extent such Person is individually bound), as such, whether by the enforcement of any assessment or by any legal or equitable proceeding, or by virtue of any Applicable Law, it being expressly agreed and acknowledged that no personal liability whatsoever shall attach to, be imposed on or otherwise be incurred by any such Person for any obligation of Seller or Buyer, as applicable, under this Agreement or any other agreement or document executed and delivered in connection with the transactions contemplated hereby. For the avoidance of doubt, notwithstanding anything to the contrary set forth herein or in any agreement or document executed and delivered in connection with the transactions contemplated

herein, neither the Equity Investor nor any of its former, current and future direct or indirect equityholders, controlling persons, stockholders, directors, officers, employees, agents, Affiliates, members, managers, general or limited partners or assignees, will have any Liability to any Person (other than Buyer and its Affiliates to the extent expressly set forth in the Equity Commitment Letter or other definitive document between such parties) whatsoever, including Seller or its Affiliates (including the Companies) as a result of the Equity Investor's execution and delivery of the Equity Commitment Letter or any other agreement or document contemplated therein.

* * * * *

IN WITNESS WHEREOF, the parties hereto have executed this Agreement on the day and year first above written.

SELLER: **FOUR STAR HOLDINGS, LLC**

By: /s/ Christopher J. Hagedorn
Name: Christopher J. Hagedorn
Title: Group Executive - Strategy & Development

BUYER: **WESTERN MEGAWATT RESOURCES, LLC**

By: /s/ John Siegel
Name: John Siegel
Title: Executive Chairman

BUYER GUARANTY

The undersigned Buyer Guarantor hereby irrevocably and unconditionally guarantees to and for the benefit of Seller the due, full and prompt payment and performance of all obligations of Buyer to pay any amounts and perform any obligations under the Purchase and Sale Agreement (the "Agreement") dated the date hereof, by and between Four Star Holdings, LLC, a Delaware limited liability company ("Seller"), and Western Megawatt Resources, LLC, a Delaware limited liability company ("Buyer") when and if the same become due and payable in accordance with the terms of the Agreement (the "Obligations"). Capitalized terms used and not otherwise defined herein have the meanings set forth in the Agreement.

The Buyer Guarantor acknowledges that valuable consideration supports this Buyer Guaranty and that the Buyer Guarantor executed this Buyer Guaranty below and agreed to perform its obligations under this Buyer Guaranty as an inducement to Seller to enter into the Agreement and consummate the transactions contemplated in the Agreement on the terms and subject to the conditions contained herein. This Buyer Guaranty is an absolute, unconditional, present and continuing Buyer Guaranty of payment and performance, and not merely of collection of the Obligations and shall not be changed or affected by any representation, oral agreement, act or thing whatsoever. The Buyer Guarantor acknowledges and agrees that a separate action or actions may be brought against the Buyer Guarantor to enforce its obligations under this Buyer Guaranty. At the option of Seller and upon notice to the Buyer Guarantor, the Guarantor may be joined in any action or proceeding commenced by Seller against Buyer in respect of any Obligation, and recovery may be had against the Buyer Guarantor in such action or proceeding or any independent action or proceeding against the Buyer Guarantor, without any requirement that Seller first assert, prosecute or exhaust any remedy or claim against Buyer or any other Person. The Buyer Guarantor's obligations hereunder shall, to the fullest extent permitted by law, be unaffected by any event of bankruptcy, reorganization or insolvency with respect to Seller; by amendment, supplement, reformation or other modification of the Agreement, any other agreement, document or instrument relating thereto, or any Obligation; by Seller's exercise or non-exercise or delay in exercising of any rights under this Buyer Guaranty, the Agreement or any other agreement, document or instrument relating thereto; by any change in the time, manner or place of payment, or any other amendment or waiver of, or any consent or departure from, the Agreement; by the permitted assignment or transfer of the Agreement or any other agreement, document or instrument relating thereto in whole or in part; or by any change in the ownership or control of any of Seller, the Buyer Guarantor or Buyer; and the absence of any notice to, or knowledge by, the Buyer Guarantor of the existence of any of the aforesaid matters or events.

The Buyer Guarantor hereby irrevocably, unconditionally and expressly waives, and agrees that it shall not at any time assert any claim or take the benefit or advantage of, any appraisal, valuation, stay, extension, marshalling of assets or redemption laws, any bankruptcy, insolvency or similar proceedings, or exemption, whether now or any time hereafter in force, which may delay, prevent or otherwise affect the performance by the Buyer Guarantor of its obligations hereunder. The Buyer Guarantor also hereby irrevocably, unconditionally and expressly waives all notices, promptness, diligence, presentment, demand and protest of every kind and any requirement that Seller exhaust any rights or first proceed against Buyer or any other Person. Buyer Guarantor shall have no right of subrogation under this Buyer Guaranty until all of the Obligations have been fully satisfied and discharged and the Buyer Guarantor agrees that it will not exercise any subrogation rights it may acquire, by payment made hereunder or otherwise, until the obligation to pay the Obligations in accordance with the Agreement to Seller have been fully satisfied and discharged. If, the preceding sentence notwithstanding, any amount shall be paid to the Buyer Guarantor on account of such subrogation rights at any time when all of the Obligations shall not have been paid in full, such amount shall be held in trust for the benefit of Seller, segregated from

other funds of the Buyer Guarantor, and shall forthwith be applied to the payment of the Obligations in accordance with the terms of the Agreement. No delay or omission by Seller in exercising any right or remedy under this Buyer Guaranty shall operate as a waiver thereof or any other rights or remedy. No single or partial exercise of any rights or remedy under this Buyer Guaranty shall preclude any other or further exercise thereof or the exercise of any other right or remedy. Seller may seek to enforce any right or remedy under this Buyer Guaranty directly against Buyer Guarantor with respect to any of the Obligations without first seeking to exercise any right or remedy against Buyer. No modification of the Obligations shall release or otherwise affect this Buyer Guaranty. THE OBLIGATION OF BUYER GUARANTOR UNDER THIS BUYER GUARANTY SHALL, TO THE FULLEST EXTENT PERMITTED BY LAW, NOT BE AFFECTED, IMPAIRED, LESSENED, MODIFIED, WAIVED OR RELEASED BY THE INVALIDITY OR UNENFORCEABILITY OF THE OBLIGATIONS AND THE BUYER GUARANTOR HEREBY SPECIFICALLY WAIVES ANY AND ALL DEFENSES WHICH IT MIGHT OTHERWISE HAVE TO ANY ACTION OR PROCEEDING TO ENFORCE THIS BUYER GUARANTY, EITHER AT LAW OR IN EQUITY, EXCEPT THE DEFENSE THAT THE SUM CLAIMED HAS ACTUALLY BEEN INDEFEASIBLY PAID TO BUYER.

The Buyer Guarantor represents and warrants to Seller that it is validly existing and in good standing under the laws of the State of Delaware and has the requisite power and authority to enter into this Buyer Guaranty and perform the terms and conditions hereof; the execution, delivery and performance by Buyer Guarantor of this Buyer Guaranty, and the consummation of the transactions contemplated by the Agreement have been duly authorized by all necessary company action on the part of the Buyer Guarantor; the Buyer Guarantor has duly executed and delivered this Buyer Guaranty which constitutes its valid and binding obligation, enforceable against it in accordance with its terms, except to the extent that enforcement may be affected by laws relating to bankruptcy, reorganization, insolvency and creditors' rights and by the availability of injunctive relief, specific performance and other equitable remedies, do not require the consent, approval or authorization of any other Governmental Body or third party, and do not and will not violate the organizational documents of the Buyer Guarantor or any Applicable Laws. The representations and warranties contained in this Buyer Guaranty shall survive Closing indefinitely.

BUYER GUARANTOR:

Bowie Resource Holdings, LLC

By:	/s/ John Siegel
Name:	John Siegel
Title:	Executive Chairman
Date:	November 20, 2015

SELLER GUARANTY

The undersigned Seller Guarantor hereby irrevocably and unconditionally guarantees to and for the benefit of Buyer the due, full and prompt payment and performance of all obligations of Seller to pay any amounts and perform any obligations under the Purchase and Sale Agreement (the "Agreement") dated the date hereof, by and between Four Star Holdings, LLC, a Delaware limited liability company ("Seller"), and Western Megawatt Resources, LLC, a Delaware limited liability company ("Buyer") when and if the same become due and payable in accordance with the terms of the Agreement (the "Obligations"). Capitalized terms used and not otherwise defined herein have the meanings set forth in the Agreement.

Seller Guarantor acknowledges that valuable consideration supports this Seller Guaranty and that Seller Guarantor executed this Seller Guaranty below and agreed to perform its obligations under this Seller Guaranty as an inducement to Buyer to enter into the Agreement and consummate the transactions contemplated in the Agreement on the terms and subject to the conditions contained herein. This Seller Guaranty is an absolute, unconditional, present and continuing guaranty of payment and performance, and not merely of collection of the Obligations and shall not be changed or affected by any representation, oral agreement, act or thing whatsoever. The Seller Guarantor acknowledges and agrees that a separate action or actions may be brought against Seller Guarantor to enforce its obligations under this Seller Guaranty. At the option of Buyer and upon notice to Seller Guarantor, Seller Guarantor may be joined in any action or proceeding commenced by Buyer against Seller in respect of any Obligation, and recovery may be had against Seller Guarantor in such action or proceeding or any independent action or proceeding against Seller Guarantor, without any requirement that Buyer first assert, prosecute or exhaust any remedy or claim against Seller or any other Person. Seller Guarantor's obligations hereunder shall, to the fullest extent permitted by law, be unaffected by any event of bankruptcy, reorganization or insolvency with respect to Buyer; by amendment, supplement, reformation or other modification of the Agreement, any other agreement, document or instrument relating thereto, or any Obligation; by Buyer's exercise or non-exercise or delay in exercising of any rights under this Seller Guaranty, the Agreement or any other agreement, document or instrument relating thereto; by any change in the time, manner or place of payment, or any other amendment or waiver of, or any consent or departure from, the Agreement; by the permitted assignment or transfer of the Agreement or any other agreement, document or instrument relating thereto in whole or in part; or by any change in the ownership or control of any of Buyer, Seller Guarantor or Seller; and the absence of any notice to, or knowledge by, Seller Guarantor of the existence of any of the aforesaid matters or events.

Seller Guarantor hereby irrevocably, unconditionally and expressly waives, and agrees that it shall not at any time assert any claim or take the benefit or advantage of, any appraisal, valuation, stay, extension, marshalling of assets or redemption laws, any bankruptcy, insolvency or similar proceedings, or exemption, whether now or any time hereafter in force, which may delay, prevent or otherwise affect the performance by Seller Guarantor of its obligations hereunder. Seller Guarantor also hereby irrevocably, unconditionally and expressly waives all notices, promptness, diligence, presentment, demand and protest of every kind and any requirement that Buyer exhaust any rights or first proceed against Seller or any other Person. Seller Guarantor shall have no right of subrogation under this Seller Guaranty until all of the Obligations have been fully satisfied and discharged and Seller Guarantor agrees that it will not exercise any subrogation rights it may acquire, by payment made hereunder or otherwise, until the obligation to pay the Obligations in accordance with the Agreement to Buyer have been fully satisfied and discharged. If, the preceding sentence notwithstanding, any amount shall be paid to Seller Guarantor on account of such subrogation rights at any time when all of the Obligations shall not have been paid in full, such amount shall be held in trust for the benefit of Buyer, segregated from other funds of Seller Guarantor, and shall forthwith be applied to the payment of the Obligations in accordance with the terms of the Agreement. No delay or omission by Buyer in exercising any right or remedy under this Seller Guaranty shall operate as a waiver thereof or any other

rights or remedy. No single or partial exercise of any rights or remedy under this Seller Guaranty shall preclude any other or further exercise thereof or the exercise of any other right or remedy. Buyer may seek to enforce any right or remedy under this Seller Guaranty directly against Seller Guarantor with respect to any of the Obligations without first seeking to exercise any right or remedy against Seller. No modification of the Obligations shall release or otherwise affect this Seller Guaranty. THE OBLIGATION OF SELLER GUARANTOR UNDER THIS SELLER GUARANTY SHALL, TO THE FULLEST EXTENT PERMITTED BY LAW, NOT BE AFFECTED, IMPAIRED, LESSENED, MODIFIED, WAIVED OR RELEASED BY THE INVALIDITY OR UNENFORCEABILITY OF THE OBLIGATIONS AND SELLER GUARANTOR HEREBY SPECIFICALLY WAIVES ANY AND ALL DEFENSES WHICH IT MIGHT OTHERWISE HAVE TO ANY ACTION OR PROCEEDING TO ENFORCE THIS SELLER GUARANTY, EITHER AT LAW OR IN EQUITY, EXCEPT THE DEFENSE THAT THE SUM CLAIMED HAS ACTUALLY BEEN INDEFEASIBLY PAID TO SELLER.

Seller Guarantor represents and warrants to Buyer that it is validly existing and in good standing under the laws of the State of Delaware and has the requisite power and authority to enter into this Seller Guaranty and perform the terms and conditions hereof; the execution, delivery and performance by Seller Guarantor of this Seller Guaranty, and the consummation of the transactions contemplated by the Agreement have been duly authorized by all necessary company action on the part of Seller Guarantor; Seller Guarantor has duly executed and delivered this Seller Guaranty which constitutes its valid and binding obligation, enforceable against it in accordance with its terms, except to the extent that enforcement may be affected by laws relating to bankruptcy, reorganization, insolvency and creditors' rights and by the availability of injunctive relief, specific performance and other equitable remedies, do not require the consent, approval or authorization of any other Governmental Body or third party, and do not and will not violate the organizational documents of Seller Guarantor or any Applicable Laws. The representations and warranties contained in this Seller Guaranty shall survive Closing indefinitely.

SELLER GUARANTOR:

Peabody Energy Corporation

By:	/s/ Christopher J. Hagedorn
Name:	Christopher J. Hagedorn
Title:	Group Executive - Strategy & Development
Date:	November 20, 2015

PERFORMANCE-BASED RESTRICTED STOCK UNIT AGREEMENT

THIS AGREEMENT (the "Agreement"), effective **[ ]**, is made by and between **PEABODY ENERGY CORPORATION**, a Delaware corporation (the "Company"), and the undersigned employee of the Company or a Subsidiary or an Affiliate of the Company (the "Grantee"). The Grant Date for these Stock Units is **[ ]** (the "Grant Date").

WHEREAS, the Company wishes to carry out the Plan, the terms of which are hereby incorporated by reference and made a part of this Agreement;

WHEREAS, the Company deems it essential to the protection of its confidential information and competitive standing in its market to have its officers and executives have reasonable restrictive covenants in place;

WHEREAS, Grantee agrees and acknowledges that the Company has a legitimate interest to protect its confidential information and competitive standing;

WHEREAS, the Company deems it essential to the optimal functioning of its business to have its officers and executives provide advance notice to the Company of their termination of employment; and

WHEREAS, the Committee appointed to administer the Plan has determined that, subject to the provisions of this Agreement and the Plan, it would be to the advantage and best interest of the Company and its stockholders to grant the Stock Units evidenced hereby to the Grantee as an incentive for his or her efforts during his or her term of service with the Company or its Subsidiaries or Affiliates, and has advised the Company thereof and instructed the undersigned officer to enter into this Agreement to evidence these Stock Units.

NOW, THEREFORE, in consideration of the mutual covenants herein contained and other good and valuable consideration, receipt of which is hereby acknowledged, the parties hereby agree as follows:

ARTICLE I
DEFINITIONS

Whenever the following terms are used in this Agreement, they shall have the meanings specified below. Capitalized terms not otherwise defined in this Agreement shall have the meanings specified in the Plan.

Section 1.1 - "Affiliate" shall mean any other Person directly or indirectly controlling, controlled by, or under common control with the Company. For the purposes of this definition, the term "control" (including, with correlative meanings, the terms "controlling", "controlled by" and "under common control with"), as applied to any Person, means the possession, directly or indirectly, of the power to direct or cause the direction of the management and policies of that Person, whether through the ownership of voting securities, by contract or otherwise.

Section 1.2 - "Award" shall mean the aggregate number of performance-based Stock Units granted to Grantee pursuant to this Agreement.

Section 1.3 - "Cause" shall mean (a) "Cause" as defined in the Grantee's employment agreement with the Company, if any; or (b) if the Grantee does not have an employment agreement with the Company or such agreement does not define "Cause," then: (i) any willful fraud or dishonesty of the Grantee that can
reasonably be expected to have a material detrimental effect on (A) the reputation or business of the Company or any of its subsidiaries or affiliates or (B) the Grantee's reputation or performance of his or her duties to the Company or any of its subsidiaries or affiliates; (ii) a willful refusal or failure of the Grantee to comply with the Company's Code of Business Conduct and Ethics, the Company's Anti-Corruption and Bribery policy or any other material corporate policy of the Company; (iii) the Grantee's willful or repeated failure to meet reasonable and documented performance objectives or to perform his or her duties or to follow reasonable and lawful directives of his or her manager (other than due to death or the Grantee's absence from the full-time performance of the Grantee's duties pursuant to a reasonable determination made in accordance with the Company's long-term disability plan that the Grantee is disabled and entitled to long-term disability benefits as a result of incapacity due to physical or mental illness that lasts, or is reasonably expected to last, for at least six months); (iv) the Grantee's conviction of, or plea of guilty or nolo contendere (A) to any felony; or (B) any other criminal charge that may reasonably be expected to have a material detrimental effect on the reputation or business of the Company or any of its subsidiaries or affiliates; or (v) the Grantee's willful failure or refusal to cooperate reasonably with a bona fide internal investigation or an investigation by regulatory or law enforcement authorities, whether or not related to the Grantee's employment with the Company, after being instructed to cooperate by the Chairman of the Board and/or Company's Chief Executive Officer or by the Board, or the willful destruction of or willful failure to preserve documents or other material known to be relevant to any such investigation; provided, that with respect to clause (ii), (iii) or (v) above, the Grantee shall have 30 business days following written notice of the conduct which is the basis for the potential termination for "Cause" within which to cure such conduct, to the extent it can be cured, to prevent termination for "Cause" by the Company, and if the Grantee reasonably cures the conduct that is the basis for the potential termination for "Cause" within such period, the Company's notice of termination shall be deemed withdrawn.

Section 1.4 - "Change in Control" shall have the meaning given to such term in Section 2.10 of the Plan.

Section 1.5 - "Code" shall mean the Internal Revenue Code of 1986, as amended (and any successor thereto). References to a particular section of the Code include references to regulations and rulings thereunder and to successor provisions.

Section 1.6 - "Committee" shall have the meaning set forth in Section 2.12 of the Plan.

Section 1.7 - "Common Stock" shall have the meaning set forth in Section 2.13 of the Plan.

Section 1.8 - "Disability" shall have the meaning given to such term in Section 2.19 of the Plan.

Section 1.9 - "Good Reason" shall mean (a) "Good Reason" as defined in the Grantee's employment agreement with the Company, if any; or (b) if the Grantee does not have an employment agreement with the Company or such agreement does not define Good Reason, then: (i) a reduction, other than a reduction that generally affects all similarly-situated executives and does not exceed 10% in one year or 20% in the aggregate over three consecutive years, by the Company in the Grantee's base salary from that in effect immediately prior to the reduction; (ii) a material reduction, other than a reduction that generally affects all similarly-situated executives, by the Company in the Grantee's target or maximum annual cash incentive award opportunity or target or maximum annual equity-based compensation award opportunity from those in effect immediately prior to any such reduction; (iii) relocation, other than through mutual agreement in writing

between the Company and the Grantee or a secondment or temporary relocation for a reasonably finite period of time, of the Grantee's primary office by more than 50 miles from the location of the Grantee's primary office as of the Agreement Date; or (iv) any material diminution or material adverse change in the Grantee's duties or responsibilities as they exist as of the Agreement Date; provided, that (x) if the Grantee terminates Grantee's employment for "Good Reason," the Grantee shall provide written notice to the Company at least 30 days in advance of the date of termination, such notice shall describe the conduct the Grantee believes to constitute "Good Reason" and the Company shall have the opportunity to cure the "Good Reason" within 30 days after receiving such notice, (y) if the Company cures the conduct that is the basis for the potential termination for "Good Reason" within such 30 day period, the Grantee's notice of termination shall be deemed withdrawn and (z) if the Grantee does not give notice to the Company as described in this Section 1.8 within 90 days after an event giving rise to "Good Reason," the Grantee's right to claim "Good Reason" termination on the basis of such event shall be deemed waived.

Section 1.10 - "Person" shall mean an individual, partnership, corporation, business trust, joint stock company, trust, unincorporated association, joint venture, governmental authority or other entity of whatever nature.

Section 1.11 - "Plan" shall mean the Peabody Energy Corporation 2015 Long-Term Incentive Plan, as amended from time to time.

Section 1.12 - "Retirement" shall mean a Termination of Service on or after age sixty (60) with at least ten (10) years of service with the Company.

Section 1.13 - "Section 409A" shall mean Section 409A of the Code and the applicable regulations or other guidance issued thereunder.

Section 1.14 - "Termination of Service" shall have the meaning given to such term in Section 2.66 of the Plan.

ARTICLE II
GRANT OF STOCK UNITS

Section 2.1 - Grant of Stock Units. Pursuant to Section 9 of the Plan, the Company has granted to the Grantee an Award consisting of, in the aggregate, the target number of stock units set forth on the signature page hereof (the "Stock Units") upon the terms and subject to the conditions set forth in this Agreement and the Plan. The grant of Stock Units is made in consideration of the services to be rendered by the Grantee to the Company.

Section 2.2 - No Obligation of Employment. Nothing in this Agreement or in the Plan shall confer upon the Grantee any right to continue in the employ of the Company or any Subsidiary or Affiliate or interfere with or restrict in any way the rights of the Company and its Subsidiaries or Affiliates, which rights are hereby expressly reserved, to terminate the employment of the Grantee at any time for any reason whatsoever, with or without Cause.

Section 2.3 - Adjustments in Stock Units. In the event of the occurrence of one of the corporate transactions or other events listed in Section 4.2 of the Plan, the Committee shall make such substitution or adjustment as provided in Sections 4.2 or 13.2 of the Plan or otherwise in the terms of the Stock Units in order to equitably

reflect such corporate transaction or other event. Any such adjustment made by the Committee shall be final and binding upon the Grantee, the Company and all other interested persons.

Section 2.4 - Change in Control. In order to maintain the Grantee's rights with respect to the grant of Stock Units evidenced hereby, upon the occurrence of a Change in Control, the Committee may take such actions with respect to the Stock Units or make such modifications to the Stock Units as are permitted by the Plan.

ARTICLE III
VESTING AND FORFEITURE OF STOCK UNITS

Section 3.1 - Vesting.

(a) Non-Retirement-Eligible Grantee. If the Grantee is not eligible for Retirement as of the Grant Date, then, except as provided in Section 3.1(c) hereof and subject to Section 3.3 hereof, (i) [ ] of the Stock Units (the "[___] Tranche") will vest and no longer be subject to restrictions on the [ ] anniversary of the Grant Date, subject to the Committee's certification of the level of achievement of [ ] as established for the Stock Units by the Committee (the "[___] Performance Requirement"); (ii) an additional [ ] of the Stock Units (the "[___] Tranche") will vest and no longer be subject to restrictions on the [ ] anniversary of the Grant Date, subject to the Committee's certification of the level of achievement of [ ] as established for the Stock Units by the Committee (the "[___] Performance Requirement"); and (iii) [ ] of the Stock Units (the "[___] Tranche") will vest and no longer be subject to restrictions on the [ ] anniversary of the Grant Date, subject to the Committee's certification of the level of achievement of [ ] as established for the Stock Units by the Committee (the "[___] Performance Requirement").

(b) Retirement-Eligible Grantee. If the Grantee is eligible for Retirement as of the Grant Date, then, subject to Section 3.3 hereof, (i) [ ] of the [ ] Tranche shall vest and no longer be subject to restrictions on each of the [ ] anniversaries of the Grant Date, subject to the Committee's certification of the level of achievement of the [ ] Performance Requirement; (ii) [ ] of the [ ] Tranche shall vest and no longer be subject to restrictions on each of the [ ] anniversaries of the [ ] anniversary of the Grant Date, subject to the Committee's certification of the level of achievement of the [ ] Performance Requirement; and (iii) [ ] of the [ ] Tranche shall vest and no longer be subject to restrictions on each of the [ ] anniversaries of the [ ] anniversary of the Grant Date, subject to the Committee's certification of the level of achievement of the [ ] Performance Requirement.

(c) Special Rule. In the event the Grantee becomes eligible for Retirement after the Grant Date, subject to Section 3.3, the provisions of Section 3.1(b) above shall apply for the applicable Tranche and any subsequent Tranches on and after the date the Grantee becomes eligible for Retirement. However, on the [ ]anniversary of the Grant Date following the date on which the Grantee becomes eligible for Retirement, then a portion of the applicable Tranche will vest, subject to the Committee's certification of the level of achievement of the applicable Performance Requirement. Such vesting portion shall equal the result of the following formula: X *multiplied by* (Y[ ]), where "X" is equal to the aggregate number of Stock Units in the applicable Tranche, and "Y" is equal to the number of full [ ] that have elapsed between the beginning of the applicable Tranche's [___] vesting period and the then current [___] anniversary.

(d) Example. The following example of the operation of Sections 3.1(b) and (c) hereof is for illustrative purposes only. A non-Retirement eligible individual receives [ ] Stock Units on [_____ __], 20[__]. On [_____ __], 20[__], such individual becomes eligible for Retirement. Vesting of [___] Stock Units ([____] of the [____] Tranche) would occur on [_____ __], 20[__], subject to the individual not incurring a Termination of Service before such date and the Committee's certification of the level of achievement of the [____] Performance Requirement. On each of [_____ __], 20[__] and [_____ __], 20[__], [___] Stock Units shall vest, subject to the individual not incurring a Termination of Service before each such date and the Committee's certification of the level of achievement of the [____] Performance Requirement.

Section 3.2 - Acceleration Events. Notwithstanding the foregoing Section 3.1, upon (a) the Grantee's Termination of Service within two years following a Change in Control, provided such Termination of Service is by the Company without Cause or by the Grantee for Good Reason; or (b) the Grantee's death or Disability (each, an "Acceleration Event"), all of the Stock Units that have not previously been forfeited as a result of a the failure to achieve a Performance Requirement shall become immediately vested and subject to settlement.

Section 3.3 - Effect of Termination of Service and Failure to Achieve a Performance Requirement. Except as provided in Section 3.2, no Stock Unit shall become vested and non-forfeitable following Termination of Service, and any such non-vested and forfeitable Stock Units shall be immediately and automatically forfeited upon Termination of Service. Except as provided in Section 3.2, (a) none of the Stock Units in the [ ] Tranche shall become vested and non-forfeitable if the Company fails to achieve the applicable [ ] Performance Requirement, and any such Stock Units shall be immediately and automatically forfeited upon the date the Committee determines that the Company fails to achieve the applicable [ ] Performance Requirement; (b) none of the Stock Units in the [ ] Tranche shall become vested and non-forfeitable if the Company fails to achieve the applicable [ ] Performance Requirement, and any such Stock Units shall be immediately and forfeited upon the date the Committee determines that the Company fails to achieve the applicable [ ] Performance Requirement; and (c) none of the Stock Units in the [ ] Tranche shall become vested and non-forfeitable if the Company fails to achieve the applicable [ ] Performance Requirement, and any such Stock Units shall be immediately and automatically forfeited upon the date the Committee determines that the Company fails to achieve the applicable [ ] Performance Requirement.

ARTICLE IV
SETTLEMENT OF STOCK UNITS

Section 4.1 - Calculation of Settlement Amount. Subject to any withholding obligations described in Section 6.3, as soon as administratively feasible (including obtaining any required Committee certifications) following the first to occur of: (a) the [ ] anniversary of the Grant Date; (b) Grantee's death; (c) Grantee's Disability; or (d) Grantee's Termination of Service within two years following a Change in Control, provided that such Termination of Service is a "separation from service" within the meaning of Section 409A (each of the dates described in "(a)" through "(d)" a "Computation Date"), and in no event later than: (i) the last day of the calendar year in which the applicable Computation Date occurs, or (ii) if later, the 15th day of the third calendar month following the applicable Computation Date, the Company shall: (x) issue and deliver to the Grantee the nearest whole number of shares of Common Stock equal to the number of vested Stock Units, and (y) enter the Grantee's name on the books of the Company as the shareholder of record with respect to the shares of Common Stock delivered to the Grantee. Notwithstanding the foregoing or anything else in this Agreement to the contrary, if any payment hereunder

is triggered by a Termination of Service of the Grantee (other than due to the Grantee's death) and at the time of such Termination of Service the Grantee is a "specified employee" (as such term is defined in Section 409A and using the identification methodology selected by the Company from time to time), the applicable number of shares of Common Stock shall, subject to any withholding obligations described in Section 6.3, be delivered to the Grantee on the first day of the seventh month after the Termination of Service.

Section 4.2 - Forfeiture of Unvested Stock Units. To the extent that Grantee does not vest in any Stock Units, all interest in such Stock Units shall be forfeited upon Grantee's Termination of Service or the date on which the Committee determines that the Company fails to achieve the applicable Performance Requirement, as applicable. Grantee has no right or interest in any Stock Unit that is forfeited.

Section 4.3 - Treatment of Fractional Shares of Common Stock. To the extent rounding to the nearest whole number of shares of Common Stock equal to the number of vested Stock Units pursuant to Section 4.1 above results in fractional shares of Common Stock which are not issued or delivered to a Grantee, all such fractional shares of Common Stock shall be settled in cash based on the Fair Market Value of a share of Common Stock on the payment date.

ARTICLE IV
CONDITION TO GRANT OF AWARD; OTHER PROVISIONS

Section 5.1 - Restrictive Covenant Agreement. The Grantee shall not be entitled to receive the Award unless the Grantee shall have executed and delivered the Restrictive Covenant automatically Agreement, substantially in the form attached hereto as Exhibit A, and such shall be in full force and effect.

Section 5.2 Notice Period. The Grantee may terminate the Grantee's employment with the Company or a Subsidiary at any time for any reason by delivery of notice to the Company at least **[30/60/90]** days in advance of the date of termination (the "Notice Period"); provided, however, that no communication, statement or announcement shall be considered to constitute such notice of termination of Grantee's employment unless it complies with Section 6.4 hereof and specifically recites that it is a notice of termination of employment for purposes of this Agreement; and provided, further, that the Company may waive any or all of the Notice Period, in which case Grantee's employment with the Company will terminate on the date determined by the Company.

Section 5.3 - Breach of Restrictive Covenant Agreement or Section 5.2. If Grantee materially breaches any provision of the Restrictive Covenant Agreement or Section 5.2 hereof, the Company may determine that Grantee (a) will forfeit any unpaid portion of the Stock Units and (b) will repay to the Company any portion of the Stock Units previously paid to Grantee.

Section 5.4 - Conditions to Issuance of Stock. The shares of Common Stock deliverable hereunder may be either previously authorized but unissued shares or issued shares that have been reacquired by the Company. Such shares shall be fully paid and nonassessable. The Company shall not be required to issue or deliver any certificate or certificates (or other documentation that indicates ownership) for shares of Common Stock granted hereunder prior to the fulfillment of both of the following conditions:

(a) The obtaining of approval or other clearance from any state or federal governmental agency that the Committee, in its absolute discretion, determines to be necessary or advisable; and

(b) The lapse of such reasonable period of time following the grant as the Committee may establish from time to time for administrative convenience (subject to, and in compliance with the, the requirements of Section 409A).

Section 5.5 - Rights as a Shareholder. The Grantee shall not be, and shall not have any of the rights or privileges of, a stockholder of the Company in respect of any shares of Common Stock corresponding to Stock Units granted hereunder unless and until certificates representing such shares shall have been issued by the Company to Grantee or such ownership has otherwise been indicated and documented by the Company (the "Issuance Date"). The Grantee shall be entitled to receive dividend equivalents equal in value to the dividends paid with respect to the shares of Common Stock underlying the Stock Units that become payable on or after the Issuance Date; provided, however, that no dividend equivalents shall be payable to or for the benefit of the Grantee for shares of Common Stock underlying the Stock Units with respect to record dates occurring prior to the Issuance Date, or with respect to record dates occurring on or after the date, if any, on which the Grantee has forfeited those Stock Units. The Grantee shall be entitled to vote the shares of Common Stock underlying the Stock Units on or after the Issuance Date to the same extent as would have been applicable to the Grantee if the Stock Units had then become fully vested and non-forfeitable; provided, however, that the Grantee shall not be entitled to vote the shares of Common Stock underlying the Stock Units with respect to record dates for such voting rights occurring prior to the Issuance Date, or with respect to record dates occurring on or after the date, if any, on which the Grantee has forfeited those Stock Units.

Section 5.6 - Restrictions. Stock Units granted pursuant to this Agreement shall be subject to Section 5.9 of the Plan and all applicable policies and guidelines of the Company that relate to (a) share ownership requirements, or (b) recovery of compensation (i.e., clawbacks).

ARTICLE VI
MISCELLANEOUS

Section 6.1 - Administration. The Committee has the power to interpret the Stock Units, the Plan and this Agreement and to adopt such rules for the administration, interpretation and application of the Plan as are consistent therewith and to interpret or revoke any such rules. All actions taken and all interpretations and determinations made by the Committee shall be final and binding upon the Grantee, the Company and all other interested persons. No member of the Committee shall be personally liable for any action, determination or interpretation made in good faith with respect to the Plan or the Stock Units. In its absolute discretion, the Board may at any time and from time to time exercise any and all rights and duties of the Committee under the Plan and this Agreement.

Section 6.2 - Stock Units Not Transferable. Neither the Stock Units nor any interest or right therein or part thereof shall be liable for the debts, contracts or engagements of the Grantee or his or her successors in interest or shall be subject to disposition by transfer, alienation, anticipation, pledge, encumbrance, assignment or any other means whether such disposition is voluntary or involuntary or by operation of law by judgment, levy, attachment, garnishment or any other legal or equitable proceedings (including bankruptcy), and any attempted disposition thereof shall be null and void and of no effect; provided, however, that this Section 6.2 shall not prevent transfers by will or by the applicable laws of descent and distribution.

Section 6.3 - Withholding. Unless the Grantee makes alternative arrangements satisfactory to the Company to personally remit required withholding amounts, then as of the date that all or a portion of the Stock Units become settled pursuant to Section 4.1 hereof, the Company will withhold a number of shares of Common Stock underlying the then vested Stock Units with a Fair Market Value equal to the aggregate amount required by law to be withheld by the Company in connection with such vesting for applicable federal, state, local and foreign taxes of any kind. To the extent taxes are to be withheld upon vesting for purposes of federal FICA, FUTA or Medicare taxes, such withholding shall be taken from other income owed by the

Company to the Grantee and the Grantee hereby agrees to such withholding. For all purposes, the amount withheld by the Company pursuant to this Section 6.3 shall be deemed to have first been paid to the Grantee.

Section 6.4 - Notices. Any notice to be given under the terms of this Agreement to the Company shall be addressed to the Company in care of its Secretary, and any notice to be given to the Grantee shall be addressed to him or her at the address set forth in the records of the Company. By a notice given pursuant to this Section 6.4, either party may hereafter designate a different address for notices to be given to him, her or it. Any notice which is required to be given to the Grantee shall, if the Grantee is then deceased, be given to the Grantee's personal representative if such representative has previously informed the Company of his, her or its status and address by written notice under this Section 6.4. Any notice shall be deemed duly given when enclosed in a properly sealed envelope or wrapper addressed as aforesaid, deposited (with postage prepaid) in a post office or branch post office regularly maintained by the United States Postal Service. Notwithstanding the foregoing, any notice required or permitted hereunder from the Company to the Grantee may be made by electronic means, including by electronic mail to the Company-maintained electronic mailbox of the Grantee, and the Grantee hereby consents to receive such notice by electronic delivery. To the extent permitted in an electronically delivered notice described in the previous sentence, the Grantee shall be permitted to respond to such notice or communication by way of a responsive electronic communication, including by electronic mail.

Section 6.5 - Titles. Titles are provided herein for convenience only and are not to serve as a basis for interpretation or construction of this Agreement.

Section 6.6 - Pronouns. The masculine pronoun shall include the feminine and neuter, and the singular the plural, where the context so indicates.

Section 6.7 - Applicability of Plan. The Stock Units and the shares of Common Stock issued to the Grantee, if any, shall be subject to all of the terms and provisions of the Plan, to the extent applicable to the Stock Units and such shares. In the event of any conflict between this Agreement and the Plan, the terms of the Plan shall control.

Section 6.8 - Amendment.

(a) The Committee may amend this Agreement at any time, provided that no such amendment shall materially impair the rights of the Grantee unless reflected in a writing executed by the parties hereto that specifically states that it is amending this Agreement.

(b) This Agreement is intended to comply with Section 409A and shall, to the extent practicable, be construed in accordance therewith. If either party to this Agreement reasonably determines that any amount payable pursuant to this Agreement would result in adverse tax consequences under Section 409A, then such party shall deliver written notice of such determination to the other party, and the parties hereby agree to work in good faith to amend this Agreement so it complies with the requirements of Section 409A and preserves as nearly as possible the original intent and economic effect of the affected provisions.

Section 6.9 - Severability. The invalidity or unenforceability of any provision of the Plan or this Agreement shall not affect the validity or enforceability of any other provision of the Plan or this Agreement, and each provision of the Plan and this Agreement shall be severable and enforceable to the extent permitted by law.

Section 6.10 - Dispute Resolution. Any dispute or controversy arising under or in connection with this Agreement shall be resolved by arbitration in St. Louis, Missouri. Arbitrators shall be selected, and arbitration shall be conducted, in accordance with the rules of the American Arbitration Association. The Company shall pay or reimburse any legal fees in connection with such arbitration in the event that the Grantee prevails on a material element of his or her claim or defense. Payments or reimbursements of legal fees made under this Section 6.10 that are provided during one calendar year shall not affect the amount of such payments or reimbursements provided during a subsequent calendar year, payments or reimbursements under this Section 6.10 may not be exchanged or substituted for another form of compensation to the Grantee, and any such reimbursement or payment will be paid within sixty (60) days after the Grantee prevails, but in no event later than the last day of the Grantee's taxable year following the taxable year in which he incurred the expense giving rise to such reimbursement or payment. This Section 6.10 shall remain in effect throughout the Grantee's employment with the Company and for a period of five (5) years following the Grantee's Termination of Service.

Section 6.11 - Section 409A.

(a) To the extent applicable, this Agreement is intended to comply with Section 409A so that the income inclusion provisions of Section 409A(a)(1) of the Code do not apply to Grantee, and this Agreement shall be construed, interpreted and administered in a manner that is consistent with this intent and the requirements for avoiding additional taxes or penalties under Section 409A. Notwithstanding the foregoing, in no event shall the Company be liable for all or any portion of any taxes, penalties, interest or other expenses that may be incurred by the Grantee on account of Section 409A.

(b) Except as permitted under Section 409A of the Code, any deferred compensation (within the meaning of Section 409A of the Code) payable to a Grantee or for the Grantee's benefit under this Agreement and grants hereunder may not be reduced by, or offset against, any amount owing by the Grantee to the Company or any of its Subsidiaries.

(c) In the event that the Company determines that any amounts payable hereunder may be taxable to the Grantee under Code Section 409A prior to the payment and/or delivery to the Grantee of such amount, the Committee may adopt such amendments to the Agreement, and appropriate policies and procedures, including amendments and policies with retroactive effect, that the Committee determines necessary or appropriate to preserve the intended tax treatment of the benefits provided by the Stock Units and this Agreement.

(d) Notwithstanding any provision of this Agreement to the contrary, in light of the uncertainty with respect to the proper application of Section 409A of the Code, the Company reserves the right to make amendments to this Agreement and the terms of the Stock Units as the Company deems necessary or desirable to avoid the imposition of taxes or penalties under Section 409A of the Code. In any case, neither the Company nor any of its affiliates will have any obligation to indemnify or otherwise hold the Grantee harmless from any or all of such taxes or penalties.

Section 6.12 - Governing Law. The laws of the State of Delaware shall govern the interpretation, validity and performance of the terms of this Agreement regardless of the law that might be applied under principles of conflicts of laws.

Section 6.13 - Counterparts. This Agreement may be executed in counterparts, each of which shall be deemed an original but all of which together will constitute one and the same instrument. Counterpart

signatures to this Agreement transmitted by facsimile, electronic mail, or by any other electronic means intended to preserve the original graphic and pictorial appearance of a document, will have the same effect as physical delivery of the paper document bearing an original signature.

Section 6.14 - Acceptance of the Plan. The Grantee hereby acknowledges receipt of a copy of the Plan and this Agreement. The Grantee has read and understands the terms and provisions thereof, and accepts the Stock Units subject to all the terms and conditions of the Plan and this Agreement. The Grantee acknowledges that there may be adverse tax consequences upon the vesting or settlement of the Stock Units and that the Grantee has been advised to consult a tax advisor prior to such vesting or settlement.

[SIGNATURE PAGE FOLLOWS]

IN WITNESS WHEREOF, this Agreement has been executed and delivered by the parties hereto.

GRANTEE	**PEABODY ENERGY CORPORATION**
[ ]	By: Its:
	Target number of Stock Units granted hereunder: **[ ]**

Performance-Based Restricted Stock Unit Agreement (Australia), Stock Settled
2015 Plan
20[ ] Grant

PERFORMANCE-BASED RESTRICTED STOCK UNIT AGREEMENT

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WHEREAS, the Company wishes to carry out the Plan, the terms of which are hereby incorporated by reference and made a part of this Agreement;

WHEREAS, the Company deems it essential to the protection of its confidential information and competitive standing in its market to have its officers and executives have reasonable restrictive covenants in place;

WHEREAS, Grantee agrees and acknowledges that the Company has a legitimate interest to protect its confidential information and competitive standing;

WHEREAS, the Company deems it essential to the optimal functioning of its business to have its officers and executives provide advance notice to the Company of their termination of employment; and

WHEREAS, the Committee appointed to administer the Plan has determined that, subject to the provisions of this Agreement and the Plan, it would be to the advantage and best interest of the Company and its stockholders to grant the Stock Units evidenced hereby to the Grantee as an incentive for his or her efforts during his or her term of service with the Company or its Subsidiaries or Affiliates, and has advised the Company thereof and instructed the undersigned officer to enter into this Agreement to evidence these Stock Units.

NOW, THEREFORE, in consideration of the mutual covenants herein contained and other good and valuable consideration, receipt of which is hereby acknowledged, the parties hereby agree as follows:

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Section 1.1 - "Affiliate" shall mean any other Person directly or indirectly controlling, controlled by, or under common control with the Company. For the purposes of this definition, the term "control" (including, with correlative meanings, the terms "controlling", "controlled by" and "under common control with"), as applied to any Person, means the possession, directly or indirectly, of the power to direct or cause the direction of the management and policies of that Person, whether through the ownership of voting securities, by contract or otherwise.

Section 1.2 - "Award" shall mean the aggregate number of performance-based Stock Units granted to Grantee pursuant to this Agreement.

Section 1.3 - "Cause" shall mean (a) "Cause" as defined in the Grantee's employment agreement with the Company, if any; or (b) if the Grantee does not have an employment agreement with the Company or such agreement does not define "Cause," then: (i) any willful fraud or dishonesty of the Grantee that can reasonably be expected to have a material detrimental effect on (A) the reputation or business of the Company or any of its subsidiaries or affiliates or (B) the Grantee's reputation or performance of his or her duties to the Company or any of its subsidiaries or affiliates; (ii) a willful refusal or failure of the Grantee to comply with the Company's Code of Business Conduct and Ethics, the Company's Anti-Corruption and Bribery policy or any other material corporate policy of the Company; (iii) the Grantee's willful or repeated failure to meet reasonable and documented performance objectives or to perform his or her duties or to follow reasonable and lawful directives of his or her manager (other than due to death or the Grantee's absence from the full-time performance of the Grantee's duties pursuant to a reasonable determination made in accordance with the Company's long-term disability plan that the Grantee is disabled and entitled to long-term disability benefits as a result of incapacity due to physical or mental illness that lasts, or is reasonably expected to last, for at least six months); (iv) the Grantee's conviction of, or plea of guilty or nolo contendere (A) to any felony; or (B) any other criminal charge that may reasonably be expected to have a material detrimental effect on the reputation or business of the Company or any of its subsidiaries or affiliates; or (v) the Grantee's willful failure or refusal to cooperate reasonably with a bona fide internal investigation or an investigation by regulatory or law enforcement authorities, whether or not related to the Grantee's employment with the Company, after being instructed to cooperate by the Chairman of the Board and/or Company's Chief Executive Officer or by the Board, or the willful destruction of or willful failure to preserve documents or other material known to be relevant to any such investigation; provided, that with respect to clause (ii), (iii) or (v) above, the Grantee shall have 30 business days following written notice of the conduct which is the basis for the potential termination for "Cause" within which to cure such conduct, to the extent it can be cured, to prevent termination for "Cause" by the Company, and if the Grantee reasonably cures the conduct that is the basis for the potential termination for "Cause" within such period, the Company's notice of termination shall be deemed withdrawn.

Section 1.4 - "Change in Control" shall have the meaning given to such term in Section 2.10 of the Plan.

Section 1.5 - "Code" shall mean the Internal Revenue Code of 1986, as amended (and any successor thereto). References to a particular section of the Code include references to regulations and rulings thereunder and to successor provisions.

Section 1.6 - "Committee" shall have the meaning set forth in Section 2.12 of the Plan.

Section 1.7 - "Common Stock" shall have the meaning set forth in Section 2.13 of the Plan.

Section 1.8 - "Disability" shall have the meaning given to such term in Section 2.19 of the Plan.

Section 1.9 - "Good Reason" shall mean (a) "Good Reason" as defined in the Grantee's employment agreement with the Company, if any; or (b) if the Grantee does not have an employment agreement with the Company or such agreement does not define Good Reason, then: (i) a reduction, other than a reduction that generally affects all similarly-situated executives and does not exceed 10% in one year or 20% in the aggregate

over three consecutive years, by the Company in the Grantee's base salary from that in effect immediately prior to the reduction; (ii) a material reduction, other than a reduction that generally affects all similarly-situated executives, by the Company in the Grantee's target or maximum annual cash incentive award opportunity or target or maximum annual equity-based compensation award opportunity from those in effect immediately prior to any such reduction; (iii) relocation, other than through mutual agreement in writing between the Company and the Grantee or a secondment or temporary relocation for a reasonably finite period of time, of the Grantee's primary office by more than 50 miles from the location of the Grantee's primary office as of the Agreement Date; or (iv) any material diminution or material adverse change in the Grantee's duties or responsibilities as they exist as of the Agreement Date; provided, that (x) if the Grantee terminates Grantee's employment for "Good Reason," the Grantee shall provide written notice to the Company at least 30 days in advance of the date of termination, such notice shall describe the conduct the Grantee believes to constitute "Good Reason" and the Company shall have the opportunity to cure the "Good Reason" within 30 days after receiving such notice, (y) if the Company cures the conduct that is the basis for the potential termination for "Good Reason" within such 30 day period, the Grantee's notice of termination shall be deemed withdrawn and (z) if the Grantee does not give notice to the Company as described in this Section 1.8 within 90 days after an event giving rise to "Good Reason," the Grantee's right to claim "Good Reason" termination on the basis of such event shall be deemed waived.

Section 1.10 - "Person" shall mean an individual, partnership, corporation, business trust, joint stock company, trust, unincorporated association, joint venture, governmental authority or other entity of whatever nature.

Section 1.11 - "Plan" shall mean the Peabody Energy Corporation 2015 Long-Term Incentive Plan, as amended from time to time.

Section 1.12 - "Retirement" shall mean a Termination of Service on or after age sixty (60) with at least ten (10) years of service with the Company.

Section 1.13 - "Section 409A" shall mean Section 409A of the Code and the applicable regulations or other guidance issued thereunder.

Section 1.14- "Termination of Service" shall have the meaning given to such term in Section 2.66 of the Plan.

ARTICLE II
GRANT OF STOCK UNITS

Section 2.1 - Grant of Stock Units. Pursuant to Section 9 of the Plan, the Company has granted to the Grantee an Award consisting of, in the aggregate, the target number of stock units set forth on the signature page hereof (the "Stock Units") upon the terms and subject to the conditions set forth in this Agreement and the Plan. The grant of Stock Units is made in consideration of the services to be rendered by the Grantee to the Company.

Section 2.2 - No Obligation of Employment. Nothing in this Agreement or in the Plan shall confer upon the Grantee any right to continue in the employ of the Company or any Subsidiary or Affiliate or interfere with or restrict in any way the rights of the Company and its Subsidiaries or Affiliates, which rights are hereby expressly reserved, to terminate the employment of the Grantee at any time for any reason whatsoever, with or without Cause.

Section 2.3 - Adjustments in Stock Units. In the event of the occurrence of one of the corporate transactions or other events listed in Section 4.2 of the Plan, the Committee shall make such substitution or adjustment as provided in Sections 4.2 or 13.2 of the Plan or otherwise in the terms of the Stock Units in order to equitably reflect such corporate transaction or other event. Any such adjustment made by the Committee shall be final and binding upon the Grantee, the Company and all other interested persons.

Section 2.4 - Change in Control. In order to maintain the Grantee's rights with respect to the grant of Stock Units evidenced hereby, upon the occurrence of a Change in Control, the Committee may take such actions with respect to the Stock Units or make such modifications to the Stock Units as are permitted by the Plan.

ARTICLE III
VESTING AND FORFEITURE OF STOCK UNITS

Section 3.1 - Vesting.

(a) Non-Retirement-Eligible Grantee. If the Grantee is not eligible for Retirement as of the Grant Date, then, except as provided in Section 3.1(c) hereof and subject to Section 3.3 hereof, (i) [ ] of the Stock Units (the "[ ] Tranche") will vest and no longer be subject to restrictions on the [ ] anniversary of the Grant Date, subject to the Committee's certification of the level of achievement of **[ ]** as established for the Stock Units by the Committee (the "[ ] Performance Requirement"); (ii) an additional [ ] of the Stock Units (the "[ ] Tranche") will vest and no longer be subject to restrictions on the [ ] anniversary of the Grant Date, subject to the Committee's certification of the level of achievement of **[ ]** as established for the Stock Units by the Committee (the "[ ] Performance Requirement"); and (iii) [ ] of the Stock Units (the "[ ] Tranche") will vest and no longer be subject to restrictions on the [ ] anniversary of the Grant Date, subject to the Committee's certification of the level of achievement of **[ ]** as established for the Stock Units by the Committee (the "[ ] Performance Requirement").

(b) Retirement-Eligible Grantee. If the Grantee is eligible for Retirement as of the Grant Date, then, subject to Section 3.3 hereof, (i) [ ] of the [ ] Tranche shall vest and no longer be subject to restrictions on each of the [ ] anniversaries of the Grant Date, subject to the Committee's certification of the level of achievement of the [ ] Performance Requirement; (ii) [ ] of the [ ] Tranche shall vest and no longer be subject to restrictions on each of the [ ] anniversaries of the [ ] anniversary of the Grant Date, subject to the Committee's certification of the level of achievement of the [ ] Performance Requirement; and (iii) [ ] of the [ ] Tranche shall vest and no longer be subject to restrictions on each of the [ ]anniversaries of the [ ] anniversary of the Grant Date, subject to the Committee's certification of the level of achievement of the [ ] Performance Requirement.

(c) Special Rule. In the event the Grantee becomes eligible for Retirement after the Grant Date, the provisions of Section 3.1(b) above shall apply for the applicable Tranche and any subsequent Tranches on and after the date the Grantee becomes eligible for Retirement, subject to Section 3.3. However, on the [ ] anniversary of the Grant Date following the date on which the Grantee becomes eligible for Retirement, then a portion of the applicable Tranche will vest, subject to the Committee's certification of the level of achievement of the applicable Performance Requirement. Such vesting portion shall equal the result of the following formula: X *multiplied by* (Y/[ ]), where "X" is equal to the aggregate number of Stock Units in the applicable Tranche, and "Y" is equal to

the number of full [ ] that have elapsed between the beginning of the applicable Tranche's [ ]l vesting period and the then current [ ] anniversary.

(d) Example. The following example of the operation of Sections 3.1(b) and (c) hereof is for illustrative purposes only. A non-Retirement eligible individual receives [ ] Stock Units on [_____ __], 20[__]. On [_____ __], 20[__], such individual becomes eligible for Retirement. Vesting of [___] Stock Units ([____] of the [____] Tranche) would occur on [_____ __], 20[__], subject to the individual not incurring a Termination of Service before such date and the Committee's certification of the level of achievement of the [____] Performance Requirement. On each of [_____ __], 20[__] and [_____ __], 20[__], [___] Stock Units shall vest, subject to the individual not incurring a Termination of Service before each such date and the Committee's certification of the level of achievement of the [____] Performance Requirement.

Section 3.2 - Acceleration Events. Notwithstanding the foregoing Section 3.1, upon (a) the Grantee's Termination of Service within two years following a Change in Control, provided such Termination of Service is by the Company without Cause or by the Grantee for Good Reason; or (b) the Grantee's death or Disability (each, an "Acceleration Event"), all of the Stock Units that have not previously been forfeited as a result of a the failure to achieve a Performance Requirement shall become immediately vested and subject to settlement.

Section 3.3 - Effect of Termination of Service and Failure to Achieve a Performance Requirement. Except as provided in Section 3.2, no Stock Unit shall become vested and non-forfeitable following Termination of Service, and any such non-vested and forfeitable Stock Units shall be immediately and automatically forfeited upon Termination of Service. Except as provided in Section 3.2, (a) none of the Stock Units in the [ ] Tranche shall become vested and non-forfeitable if the Company fails to achieve the applicable [ ] Performance Requirement, and any such Stock Units shall be immediately and automatically forfeited upon the date the Committee determines that the Company fails to achieve the applicable [ ] Performance Requirement; (b) none of the Stock Units in the [ ] Tranche shall become vested and non-forfeitable if the Company fails to achieve the applicable [ ] Performance Requirement, and any such Stock Units shall be immediately and automatically forfeited upon the date the Committee determines that the Company fails to achieve the applicable [ ] Performance Requirement; and (c) none of the Stock Units in the [ ] Tranche shall become vested and non-forfeitable if the Company fails to achieve the applicable [ ] Performance Requirement, and any such Stock Units shall be immediately and automatically forfeited upon the date the Committee determines that the Company fails to achieve the applicable [ ] Performance Requirement.

ARTICLE IV
SETTLEMENT OF STOCK UNITS

Section 4.1 - Settlement Notice. One week before the Stock Units are to be settled in accordance with Section 4.2, the Company will contact Grantee and inform him that he may elect to receive the Stock Units. The Company will issue the shares of Common Stock in settlement of the Stock Units in accordance with Section 4.2 only if the Grantee replies before the issuance date that he elects to receive such shares of Common Stock. If the Grantee does not elect to receive such shares of Common Stock in settlement of the Stock Units before the issuance date set forth in Section 4.2, Grantee will forfeit the Stock Units.

Section 4.2 - Calculation of Settlement Amount. Subject to any withholding obligations described in Section 6.3 and Grantee's election described in Section 4.1, as soon as administratively feasible (including obtaining any required Committee certifications) following the first to occur of: (a) the [ ] anniversary of

the Grant Date; (b) Grantee's death; (c) Grantee's Disability; or (d) Grantee's Termination of Service within two years following a Change in Control, provided that such Termination of Service is a "separation from service" within the meaning of Section 409A (each of the dates described in "(a)" through "(d)" a "Computation Date"), and in no event later than: (i) the last day of the calendar year in which the applicable Computation Date occurs, or (ii) if later, the 15th day of the third calendar month following the applicable Computation Date, the Company shall: (x) issue and deliver to the Grantee the nearest whole number of shares of Common Stock equal to the number of vested Stock Units, and (y) enter the Grantee's name on the books of the Company as the shareholder of record with respect to the shares of Common Stock delivered to the Grantee. Notwithstanding the foregoing or anything else in this Agreement to the contrary, if any payment hereunder is triggered by a Termination of Service of the Grantee (other than due to the Grantee's death) and at the time of such Termination of Service the Grantee is a "specified employee" (as such term is defined in Section 409A and using the identification methodology selected by the Company from time to time), the applicable number of shares of Common Stock shall, subject to any withholding obligations described in Section 6.3, be delivered to the Grantee on the first day of the seventh month after the Termination of Service.

Section 4.3 - Forfeiture of Unvested Stock Units. To the extent that Grantee does not vest in any Stock Units, all interest in such Stock Units shall be forfeited upon Grantee's Termination of Service or the date on which the Committee determines that the Company fails to achieve the applicable Performance Requirement, as applicable. Grantee has no right or interest in any Stock Unit that is forfeited.

Section 4.4 - Treatment of Fractional Shares of Common Stock. To the extent rounding to the nearest whole number of shares of Common Stock equal to the number of vested Stock Units pursuant to Section 4.1 above results in fractional shares of Common Stock which are not issued or delivered to a Grantee, all such fractional shares of Common Stock shall be settled in cash based on the Fair Market Value of a share of Common Stock on the payment date.

Section 4.5 - On-Sale Restriction. The Grantee acknowledges by accepting issuance of the Stock Units that the Grantee will not for a period of 12 months from the date of issuance sell, transfer or otherwise dispose of the Stock Units and/or Common Stock granted to the Grantee under this Agreement.

ARTICLE V
CONDITION TO GRANT OF AWARD; OTHER PROVISIONS

Section 5.1 - Restrictive Covenant Agreement. The Grantee shall not be entitled to receive the Award unless the Grantee shall have executed and delivered the Restrictive Covenant Agreement, substantially in the form attached hereto as Exhibit A, and such shall be in full force and effect.

Section 5.2 - Notice Period. The Grantee may terminate the Grantee's employment with the Company or a Subsidiary at any time for any reason by delivery of notice to the Company at least **[30/ 60/ 90]** days in advance of the date of termination (the "Notice Period"); provided, however, that no communication, statement or announcement shall be considered to constitute such notice of termination of Grantee's employment unless it complies with Section 6.4 hereof and specifically recites that it is a notice of termination of employment for purposes of this Agreement; and provided, further, that the Company may waive any or all of the Notice Period, in which case Grantee's employment with the Company will terminate on the date determined by the Company.

Section 5.3 - Breach of Restrictive Covenant Agreement or Section 5.2. If Grantee materially breaches any provision of the Restrictive Covenant Agreement or Section 5.2 hereof, the Company may

determine that Grantee (a) will forfeit any unpaid portion of the Stock Units and (b) will repay to the Company any portion of the Stock Units previously paid to Grantee.

Section 5.4 - Conditions to Issuance of Stock. The shares of Common Stock deliverable hereunder may be either previously authorized but unissued shares or issued shares that have been reacquired by the Company. Such shares shall be fully paid and nonassessable. The Company shall not be required to issue or deliver any certificate or certificates (or other documentation that indicates ownership) for shares of Common Stock granted hereunder prior to the fulfillment of both of the following conditions:

(a) The obtaining of approval or other clearance from any state or federal governmental agency that the Committee, in its absolute discretion, determines to be necessary or advisable; and

(b) The lapse of such reasonable period of time following the grant as the Committee may establish from time to time for administrative convenience (subject to, and in compliance with the, the requirements of Section 409A).

Section 5.5 - Rights as a Shareholder. The Grantee shall not be, and shall not have any of the rights or privileges of, a stockholder of the Company in respect of any shares of Common Stock corresponding to Stock Units granted hereunder unless and until certificates representing such shares shall have been issued by the Company to Grantee or such ownership has otherwise been indicated and documented by the Company (the "Issuance Date"). The Grantee shall be entitled to receive dividend equivalents equal in value to the dividends paid with respect to the shares of Common Stock underlying the Stock Units that become payable on or after the Issuance Date; provided, however, that no dividend equivalents shall be payable to or for the benefit of the Grantee for shares of Common Stock underlying the Stock Units with respect to record dates occurring prior to the Issuance Date, or with respect to record dates occurring on or after the date, if any, on which the Grantee has forfeited those Stock Units. The Grantee shall be entitled to vote the shares of Common Stock underlying the Stock Units on or after the Issuance Date to the same extent as would have been applicable to the Grantee if the Stock Units had then become fully vested and non-forfeitable; provided, however, that the Grantee shall not be entitled to vote the shares of Common Stock underlying the Stock Units with respect to record dates for such voting rights occurring prior to the Issuance Date, or with respect to record dates occurring on or after the date, if any, on which the Grantee has forfeited those Stock Units.

Section 5.6 - Restrictions. Stock Units granted pursuant to this Agreement shall be subject to Section 5.9 of the Plan and all applicable policies and guidelines of the Company that relate to (a) share ownership requirements, or (b) recovery of compensation (i.e., clawbacks).

ARTICLE VI
MISCELLANEOUS

Section 6.1 - Administration. The Committee has the power to interpret the Stock Units, the Plan and this Agreement and to adopt such rules for the administration, interpretation and application of the Plan as are consistent therewith and to interpret or revoke any such rules. All actions taken and all interpretations and determinations made by the Committee shall be final and binding upon the Grantee, the Company and all other interested persons. No member of the Committee shall be personally liable for any action, determination or interpretation made in good faith with respect to the Plan or the Stock Units. In its absolute discretion, the Board may at any time and from time to time exercise any and all rights and duties of the Committee under the Plan and this Agreement.

Section 6.2 - Stock Units Not Transferable. Neither the Stock Units nor any interest or right therein or part thereof shall be liable for the debts, contracts or engagements of the Grantee or his or her successors in interest or shall be subject to disposition by transfer, alienation, anticipation, pledge, encumbrance, assignment or any other means whether such disposition is voluntary or involuntary or by operation of law by judgment, levy, attachment, garnishment or any other legal or equitable proceedings (including bankruptcy), and any attempted disposition thereof shall be null and void and of no effect; provided, however, that this Section 6.2 shall not prevent transfers by will or by the applicable laws of descent and distribution.

Section 6.3 - Withholding. Unless the Grantee makes alternative arrangements satisfactory to the Company to personally remit required withholding amounts, then as of the date that all or a portion of the Stock Units become settled pursuant to Section 4.1 hereof, the Company will withhold a number of shares of Common Stock underlying the then vested Stock Units with a Fair Market Value equal to the aggregate amount required by law to be withheld by the Company in connection with such vesting for applicable federal, state, local and foreign taxes of any kind. To the extent taxes are to be withheld upon vesting for purposes of federal FICA, FUTA or Medicare taxes, such withholding shall be taken from other income owed by the Company to the Grantee and the Grantee hereby agrees to such withholding. For all purposes, the amount withheld by the Company pursuant to this Section 6.3 shall be deemed to have first been paid to the Grantee.

Section 6.4 - Notices. Any notice to be given under the terms of this Agreement to the Company shall be addressed to the Company in care of its Secretary, and any notice to be given to the Grantee shall be addressed to him or her at the address set forth in the records of the Company. By a notice given pursuant to this Section 6.4, either party may hereafter designate a different address for notices to be given to him, her or it. Any notice which is required to be given to the Grantee shall, if the Grantee is then deceased, be given to the Grantee's personal representative if such representative has previously informed the Company of his, her or its status and address by written notice under this Section 6.4. Any notice shall be deemed duly given when enclosed in a properly sealed envelope or wrapper addressed as aforesaid, deposited (with postage prepaid) in a post office or branch post office regularly maintained by the United States Postal Service. Notwithstanding the foregoing, any notice required or permitted hereunder from the Company to the Grantee may be made by electronic means, including by electronic mail to the Company-maintained electronic mailbox of the Grantee, and the Grantee hereby consents to receive such notice by electronic delivery. To the extent permitted in an electronically delivered notice described in the previous sentence, the Grantee shall be permitted to respond to such notice or communication by way of a responsive electronic communication, including by electronic mail.

Section 6.5 - Titles. Titles are provided herein for convenience only and are not to serve as a basis for interpretation or construction of this Agreement.

Section 6.6 - Pronouns. The masculine pronoun shall include the feminine and neuter, and the singular the plural, where the context so indicates.

Section 6.7 - Applicability of Plan. The Stock Units and the shares of Common Stock issued to the Grantee, if any, shall be subject to all of the terms and provisions of the Plan, to the extent applicable to the Stock Units and such shares. In the event of any conflict between this Agreement and the Plan, the terms of the Plan shall control.

Section 6.8 - Amendment.

(a) The Committee may amend this Agreement at any time, provided that no such amendment shall materially impair the rights of the Grantee unless reflected in a writing executed by the parties hereto that specifically states that it is amending this Agreement.

(b) This Agreement is intended to comply with Section 409A and shall, to the extent practicable, be construed in accordance therewith. If either party to this Agreement reasonably determines that any amount payable pursuant to this Agreement would result in adverse tax consequences under Section 409A, then such party shall deliver written notice of such determination to the other party, and the parties hereby agree to work in good faith to amend this Agreement so it complies with the requirements of Section 409A and preserves as nearly as possible the original intent and economic effect of the affected provisions.

Section 6.9 - Severability. The invalidity or unenforceability of any provision of the Plan or this Agreement shall not affect the validity or enforceability of any other provision of the Plan or this Agreement, and each provision of the Plan and this Agreement shall be severable and enforceable to the extent permitted by law.

Section 6.10 - Dispute Resolution. Any dispute or controversy arising under or in connection with this Agreement shall be resolved by arbitration in St. Louis, Missouri. Arbitrators shall be selected, and arbitration shall be conducted, in accordance with the rules of the American Arbitration Association. The Company shall pay or reimburse any legal fees in connection with such arbitration in the event that the Grantee prevails on a material element of his or her claim or defense. Payments or reimbursements of legal fees made under this Section 6.10 that are provided during one calendar year shall not affect the amount of such payments or reimbursements provided during a subsequent calendar year, payments or reimbursements under this Section 6.10 may not be exchanged or substituted for another form of compensation to the Grantee, and any such reimbursement or payment will be paid within sixty (60) days after the Grantee prevails, but in no event later than the last day of the Grantee's taxable year following the taxable year in which he incurred the expense giving rise to such reimbursement or payment. This Section 6.10 shall remain in effect throughout the Grantee's employment with the Company and for a period of five (5) years following the Grantee's Termination of Service.

Section 6.11 - Section 409A.

(a) To the extent applicable, this Agreement is intended to comply with Section 409A so that the income inclusion provisions of Section 409A(a)(1) of the Code do not apply to Grantee, and this Agreement shall be construed, interpreted and administered in a manner that is consistent with this intent and the requirements for avoiding additional taxes or penalties under Section 409A. Notwithstanding the foregoing, in no event shall the Company be liable for all or any portion of any taxes, penalties, interest or other expenses that may be incurred by the Grantee on account of Section 409A.

(b) Except as permitted under Section 409A of the Code, any deferred compensation (within the meaning of Section 409A of the Code) payable to a Grantee or for the Grantee's benefit under this Agreement and grants hereunder may not be reduced by, or offset against, any amount owing by the Grantee to the Company or any of its Subsidiaries.

(c) In the event that the Company determines that any amounts payable hereunder may be taxable to the Grantee under Code Section 409A prior to the payment and/or delivery to the Grantee of such amount, the Committee may adopt such amendments to the Agreement, and appropriate policies and procedures, including amendments and policies with retroactive effect, that the Committee determines necessary or appropriate to preserve the intended tax treatment of the benefits provided by the Stock Units and this Agreement.

(d) Notwithstanding any provision of this Agreement to the contrary, in light of the uncertainty with respect to the proper application of Section 409A of the Code, the Company reserves the right to make amendments to this Agreement and the terms of the Stock Units as the Company deems necessary or desirable to avoid the imposition of taxes or penalties under Section 409A of the Code. In any case, neither the Company nor any of its affiliates will have any obligation to indemnify or otherwise hold the Grantee harmless from any or all of such taxes or penalties.

Section 6.12 - Governing Law. The laws of the State of Delaware shall govern the interpretation, validity and performance of the terms of this Agreement regardless of the law that might be applied under principles of conflicts of laws.

Section 6.13 - Counterparts. This Agreement may be executed in counterparts, each of which shall be deemed an original but all of which together will constitute one and the same instrument. Counterpart signatures to this Agreement transmitted by facsimile, electronic mail, or by any other electronic means intended to preserve the original graphic and pictorial appearance of a document, will have the same effect as physical delivery of the paper document bearing an original signature.

Section 6.14 - Acceptance of the Plan. The Grantee hereby acknowledges receipt of a copy of the Plan and this Agreement. The Grantee has read and understands the terms and provisions thereof, and accepts the Stock Units subject to all the terms and conditions of the Plan and this Agreement. The Grantee acknowledges that there may be adverse tax consequences upon the vesting or settlement of the Stock Units and that the Grantee has been advised to consult a tax advisor prior to such vesting or settlement.

[SIGNATURE PAGE FOLLOWS]

IN WITNESS WHEREOF, this Agreement has been executed and delivered by the parties hereto.

GRANTEE	**PEABODY ENERGY CORPORATION**
[ ]	By: Its: Target number of Stock Units granted hereunder: **[ ]**

SERVICE-BASED CASH AWARD AGREEMENT

THIS SERVICE-BASED CASH AWARD AGREEMENT (the "Agreement"), effective **[ ]** (the "Agreement Date"), is made by and between PEABODY ENERGY CORPORATION, a Delaware corporation (the " Company"), and the undersigned employee of the Company or a Subsidiary (the "Grantee"). The grant date for this Cash Award is **[ ]** (the "Grant Date").

WHEREAS, the Committee has determined that, subject to the provisions of this Agreement, it would be to the advantage and best interest of the Company and its stockholders to grant the opportunity to earn the service-based cash award provided for herein to the Grantee as an incentive for his or her efforts during his or her service with the Company or its Subsidiaries, and has advised the Company thereof and instructed the undersigned officer to enter into this Agreement to evidence this Cash Award opportunity;

WHEREAS, the Company deems it essential to the protection of its confidential information and competitive standing in its market to have its officers and executives have reasonable restrictive covenants in place;

WHEREAS, Grantee agrees and acknowledges that the Company has a legitimate interest to protect its confidential information and competitive standing; and

WHEREAS, the Company deems it essential to the optimal functioning of its business to have its officers and executives provide advance notice to the Company of their termination of employment.

NOW, **THEREFORE**, in consideration of the mutual covenants herein contained and other good and valuable consideration, receipt of which is hereby acknowledged, the parties hereby agree as follows:

ARTICLE I.
DEFINITIONS

Whenever the following terms are used in this Agreement, they shall have the meanings specified below. Capitalized terms not otherwise defined in this Agreement shall have the meanings specified in the Plan.

Section 1.1- "Board" means the Board of Directors of the Company.

Section 1.2- "Cash Award" shall mean the service-based cash award opportunity provided by the Company to the Grantee as evidenced by this Agreement.

Section 1.3- "Cause" shall mean (a) "Cause" as defined in the Grantee's employment agreement with the Company, if any; or (b) if the Grantee does not have an employment agreement with the Company or such agreement does not define "Cause," then: (i) any willful fraud or dishonesty of the Grantee that can reasonably be expected to have a material detrimental effect on (A) the reputation or business of the Company or any of its subsidiaries or affiliates or (B) the Grantee's reputation or performance of his or her duties to the Company or any of its subsidiaries or affiliates; (ii) a willful refusal or failure of the Grantee to comply with the Company's Code of Business Conduct and Ethics, the Company's Anti-Corruption and Bribery policy or any other material corporate policy of the Company; (iii) the Grantee's willful or repeated failure to meet reasonable and documented performance objectives or to perform his or her duties or to follow

reasonable and lawful directives of his or her manager (other than due to death or the Grantee's absence from the full-time performance of the Grantee's duties pursuant to a reasonable determination made in accordance with the Company's long-term disability plan that the Grantee is disabled and entitled to long-term disability benefits as a result of incapacity due to physical or mental illness that lasts, or is reasonably expected to last, for at least six months); (iv) the Grantee's conviction of, or plea of guilty or nolo contendere (A) to any felony; or (B) any other criminal charge that may reasonably be expected to have a material detrimental effect on the reputation or business of the Company or any of its subsidiaries or affiliates; or (v) the Grantee's willful failure or refusal to cooperate reasonably with a bona fide internal investigation or an investigation by regulatory or law enforcement authorities, whether or not related to the Grantee's employment with the Company, after being instructed to cooperate by the Chairman of the Board and/or Company's Chief Executive Officer or by the Board, or the willful destruction of or willful failure to preserve documents or other material known to be relevant to any such investigation; provided, that with respect to clause (ii), (iii) or (v) above, the Grantee shall have 30 business days following written notice of the conduct which is the basis for the potential termination for "Cause" within which to cure such conduct, to the extent it can be cured, to prevent termination for "Cause" by the Company, and if the Grantee reasonably cures the conduct that is the basis for the potential termination for "Cause" within such period, the Company's notice of termination shall be deemed withdrawn.

Section 1.4- "Change in Control" shall mean the occurrence of any one or more of the following: (a) any corporation, person or other entity (other than the Company, a majority-owned subsidiary of the Company or any of its Subsidiaries, or an employee benefit plan (or related trust) sponsored or maintained by the Company or any of its Subsidiaries), including a "group" as defined in Section 13(d)(3) of the Securities Exchange Act of 1934, as amended, becomes the beneficial owner of stock representing more than fifty percent (50%) of the combined voting power of the Company's then outstanding securities; (b) there is consummated (i) a merger, consolidation, plan of arrangement, reorganization or similar transaction or series of transactions in which the Company is involved, other than such a transaction or series of transactions which would result in the shareholders of the Company immediately prior thereto continuing to own (either by remaining outstanding or by being converted into voting securities of the surviving entity) more than fifty percent (50%) of the combined voting power of the securities of the Company or such surviving entity (or the parent, if any) outstanding immediately after such transaction(s) in substantially the same proportions as their ownership immediately prior to such transaction(s); (ii) a sale or other disposition of all or substantially all of the Company's assets; or (iii) approval by the Company's shareholders of a plan of liquidation of the Company; or (c) within any period of 24 consecutive months, persons who were members of the Board immediately prior to such 24-month period, together with persons who were first elected as directors (other than as a result of any settlement of a proxy or consent solicitation contest or any action taken to avoid such a contest) during such 24-month period by or upon the recommendation of persons who were members of the Board immediately prior to such 24-month period and who constituted a majority of the Board at the time of such election, cease to constitute a majority of the Board; provided, however, that to the extent this Cash Award is subject to liability under Code Section 409A and does not qualify for an exemption from Code Section 409A coverage, a Change in Control shall include any event or series of events described in the foregoing provisions of this Section 1.4, but only to the extent such event or series of events also constitutes a "change of control event" (as described in Treasury Regulation Section 1.409A-3(i)(5)(i)) with respect to the Company.

Section 1.5- "Code" shall mean the Internal Revenue Code of 1986 (and any successor thereto), as amended from time to time. References to a particular section of the Code include references to regulations and rulings thereunder and to successor provisions.

Section 1.6- "Committee" shall mean the Compensation Committee of the Board.

Section 1.7- "Disability" shall mean a mental or physical illness that entitles the Grantee to receive benefits under the long-term disability plan of the Company or any Subsidiary, or if the Grantee is not covered by such a plan or the Grantee is not an employee of the Company or any Subsidiary, a mental or physical illness that renders a Grantee totally and permanently incapable of performing the Grantee's duties for the Company or a Subsidiary. Notwithstanding the foregoing: (a) a Disability shall not qualify if it is the result of (i) a willfully self-inflicted injury or willfully self-induced sickness; or (ii) an injury or disease contracted, suffered, or incurred while participating in a felony criminal offense; and (b) with respect to this Cash Award if it is subject to liability under Code Section 409A and does not qualify for an exemption from Code Section 409A coverage, Disability shall mean a Grantee's inability to engage in any substantial gainful activity by reason of any medically determinable physical or mental impairment that can be expected to result in death or can be expected to last for a continuous period of not less than 12 months.

Section 1.8- "Good Reason" shall mean (a) "Good Reason" as defined in the Grantee's employment agreement with the Company, if any; or (b) if the Grantee does not have an employment agreement with the Company or such agreement does not define Good Reason, then: (i) a reduction, other than a reduction that generally affects all similarly-situated executives and does not exceed 10% in one year or 20% in the aggregate over three consecutive years, by the Company in the Grantee's base salary from that in effect immediately prior to the reduction; (ii) a material reduction, other than a reduction that generally affects all similarly-situated executives, by the Company in the Grantee's target or maximum annual cash incentive award opportunity or target or maximum annual equity-based compensation award opportunity from those in effect immediately prior to any such reduction; (iii) relocation, other than through mutual agreement in writing between the Company and the Grantee or a secondment or temporary relocation for a reasonably finite period of time, of the Grantee's primary office by more than 50 miles from the location of the Grantee's primary office as of the Agreement Date; or (iv) any material diminution or material adverse change in the Grantee's duties or responsibilities as they exist as of the Agreement Date; provided, that (x) if the Grantee terminates Grantee's employment for "Good Reason," the Grantee shall provide written notice to the Company at least 30 days in advance of the date of termination, such notice shall describe the conduct the Grantee believes to constitute "Good Reason" and the Company shall have the opportunity to cure the "Good Reason" within 30 days after receiving such notice, (y) if the Company cures the conduct that is the basis for the potential termination for "Good Reason" within such 30 day period, the Grantee's notice of termination shall be deemed withdrawn and (z) if the Grantee does not give notice to the Company as described in this Section 1.8 within 90 days after an event giving rise to "Good Reason," the Grantee's right to claim "Good Reason" termination on the basis of such event shall be deemed waived.

Section 1.9- "Person" shall mean any individual, sole proprietorship, corporation, partnership, joint venture, limited liability company, association, joint-stock company, trust, unincorporated organization, institution, public benefit corporation, entity or government instrumentality, division, agency, body or department.

Section 1.10- "Plan" shall mean the Peabody Energy Corporation 2015 Long-Term Incentive Plan, as in effect on the Agreement Date.

Section 1.11- "Retirement" shall mean a Termination of Service on or after age sixty (60) with at least ten (10) years of service with the Company.

Section 1.12- "Section 409A" shall mean Section 409A of the Code and the applicable regulations or other guidance issued thereunder.

Section 1.13- "Subsidiary" shall mean any Person that directly, or through one (1) or more intermediaries, is controlled by the Company and that would be treated as a single employer with the Company under Sections 414(b) and 414(c) of the Code if the language "at least 50 percent" is used instead of "at least 80 percent" each place it appears in Code Sections 1563(a)(1), (2) and (3) and Treasury Regulation Section 1.414(c)-2.

Section 1.14- "Termination of Service" occurs (a) on the first day on which an individual is for any reason no longer providing services to the Company or a Subsidiary in the capacity of an employee, director or consultant or (b) with respect to an individual who is an employee or consultant to a Subsidiary, the first day on which such entity ceases to be a Subsidiary of the Company and such individual is no longer providing services to the Company or another Subsidiary; provided, that the Committee shall have the discretion to determine when a Grantee, who terminates services as an employee, but continues to provide services in the capacity of a consultant immediately following such termination, has incurred a Termination of Service. Notwithstanding the foregoing, in the case of this Cash Award if it is subject to liability under Code Section 409A and does not qualify for an exemption from Code Section 409A coverage, a Termination of Service shall only occur at the time of the Grantee's "separation from service" with the Company within the meaning of Code Section 409A or as otherwise set forth in this Agreement or a deferral election form.

ARTICLE II
GRANT OF CASH AWARD

Section 2.1- Grant of Cash Award. The Company has granted to the Grantee on the Grant Date this Cash Award with respect to the cash amount set forth on the signature page hereto. The grant of the Cash Award has been made in consideration of the services to be rendered by the Grantee to the Company.

Section 2.2- No Obligation of Employment. Nothing in this Agreement shall confer upon the Grantee any right to continue in the employ of the Company, or any Subsidiary or affiliate, or interfere with or restrict in any way the rights of the Company and its Subsidiaries or affiliates, which are hereby expressly reserved, to terminate the employment of the Grantee at any time for any reason whatsoever, with or without Cause.

Section 2.3- Change in Control. In order to maintain Grantee's rights with respect to the Cash Award evidenced hereby, upon the occurrence of a Change in Control, the Committee may take any actions with respect to the Cash Award or make any modifications to the Cash Award as it deems appropriate to reflect such Change in Control.

ARTICLE III
VESTING OF CASH AWARD

Section 3.1- Vesting.

(a) Retirement-Eligible Grantee. If the Grantee is eligible for Retirement as of the Grant Date, the Cash Award shall vest [ ].

(b) Non-Retirement-Eligible Grantee. If the Grantee is not eligible for Retirement as of the Grant Date, then, except as provided in Section 3.1(c) hereof, the Cash Award shall vest [ ].

(c) Special Rule. In the event the Grantee becomes eligible for Retirement after the Grant Date, the provisions of Section 3.1(a) above shall apply on and after the date the Grantee becomes eligible for Retirement. However, on the [ ] of the Grant Date following the date on which the Grantee becomes eligible for Retirement, a portion of the Cash Award shall immediately vest. Such vesting portion shall equal the result of the following formula: X *multiplied by* (Y/[ ]), where "X" is equal to [ ] of the aggregate value of the Cash Award (as set forth on the signature page hereto), and "Y" is equal to the number of full [ ] that have elapsed between the most recent [____] anniversary of the Grant Date and the then current [____] anniversary of the Grant Date.

Section 3.2- Acceleration Events. Notwithstanding Section 3.1 hereof, the Cash Award shall become fully vested and non-forfeitable upon (a) a Termination of Service within two years following a Change in Control, provided such Termination of Employment is by the Company without Cause or by the Grantee for Good Reason; or (b) the Grantee's death or Disability (each, an "Acceleration Event") (provided, that no payment of the Cash Award shall be accelerated to the extent such payment would cause the Cash Award to be subject to the adverse consequences described in Code Section 409A).

Section 3.3- Effect of Termination of Service. Except as provided in Section 3.2, no portion of the Cash Award shall become vested and non-forfeitable following Termination of Service, and any such non-vested and forfeitable portion of the Cash Award shall be immediately and automatically forfeited upon Termination of Service.

ARTICLE IV.
SETTLEMENT OF CASH AWARD

Section 4.1- Calculation of Settlement Amount. Subject to any withholding obligations described in Section 6.3, as soon as administratively feasible following the first to occur of (a) [ ] of the Grant Date or (b) the date an Acceleration Event occurs (each such date, a "Computation Date"), and in no event later than 60 days following the applicable Computation Date, the Company shall, subject to Article V, pay to the Grantee the amount of cash equal to such vested portion of the Cash Award. Notwithstanding the foregoing or anything else in this Agreement to the contrary, if any payment hereunder is triggered by a Termination of Service of the Grantee (other than due to the Grantee's death) and the Grantee is a "specified employee" (as such term is defined in Section 409A and using the identification methodology selected by the Company from time to time), the applicable portion of the Cash Award shall, subject to Article V and any withholding obligations described in Section 6.3, be paid to the Grantee, without interest, on the first day of the seventh month after such Termination of Service.

Section 4.2- Forfeiture of Unvested Portion of Cash Award. To the extent that the Grantee does not vest in a portion of the Cash Award, all interest in such portion of the Cash Award shall be forfeited upon the Grantee's Termination of Service. The Grantee has no right or interest in any portion of the Cash Award that is forfeited.

ARTIVLE V.
CONDITION TO GRANT OF CASH AWARD; OTHER PROVISIONS

Section 5.1- Restrictive Covenant Agreement. The Grantee shall not be entitled to receive the Cash Award unless the Grantee shall have executed and delivered the Restrictive Covenant Agreement, substantially in the form attached hereto as Exhibit A, and such shall be in full force and effect.

Section 5.2- Notice Period. The Grantee may terminate the Grantee's employment with the Company or a Subsidiary at any time for any reason by delivery of notice to the Company at least **[**30/60/90**]** days in advance of the date of termination (the "Notice Period"); provided, however, that no communication, statement or announcement shall be considered to constitute such notice of termination of Grantee's employment unless it complies with Section 6.5 hereof and specifically recites that it is a notice of termination of employment for purposes of this Agreement; and provided, further, that the Company may waive any or all of the Notice Period, in which case Grantee's employment with the Company will terminate on the date determined by the Company.

Section 5.3- Breach of Restrictive Covenant Agreement or Section 5.2. If Grantee materially breaches any provision of the Restrictive Covenant Agreement or Section 5.2 hereof, the Company may determine that Grantee (a) will forfeit any unpaid portion of the Cash Award and (b) will repay to the Company any portion of the Cash Award previously paid to Grantee.

ARTICLE VI
MISCELLANEOUS

Section 6.1- Administration. The Committee has the power to interpret the Cash Award and this Agreement. All actions taken and all interpretations and determinations made by the Committee shall be final and binding upon the Grantee, the Company and all other interested persons. No member of the Committee shall be personally liable for any action, determination or interpretation made in good faith with respect to the Cash Award. In its absolute discretion, the Board may at any time and from time to time exercise any and all rights and duties of the Committee under this Agreement.

Section 6.2- Cash Award Not Transferable . Neither the Cash Award nor any interest or right therein or part thereof shall be liable for the debts, contracts or engagements of the Grantee or his or her successors in interest or shall be subject to disposition by transfer, alienation, anticipation, pledge, encumbrance, assignment or any other means whether such disposition is voluntary or involuntary or by operation of law by judgment, levy, attachment, garnishment or any other legal or equitable proceedings (including bankruptcy), and any attempted disposition thereof shall be null and void and of no effect; provided, however, that this Section 6.2 shall not prevent transfers by will or by the applicable laws of descent and distribution.

Section 6.3- Withholding. Unless the Grantee makes alternative arrangements satisfactory to the Company to personally remit required withholding amounts, then, as of the date that all or a portion of the Cash Award becomes paid pursuant to Section 4.1 hereof, the Company shall withhold a portion of the Cash Award so paid as required by law to be withheld by the Company in connection with such payment for applicable federal, state, local and foreign taxes of any kind. To the extent taxes are to be withheld upon vesting for purposes of federal FICA, FUTA or Medicare taxes, such withholding shall be taken from other income owed by the Company to the Grantee and the Grantee hereby agrees to such withholding. For all purposes, the amount withheld by the Company pursuant to this Section 6.3 shall be deemed to have first been paid to the Grantee.

Section 6.4- Section 409A.

(a) To the extent applicable, this Agreement is intended to comply with Section 409A so that the income inclusion provisions of Section 409A(a)(1) of the Code do not apply to Grantee, and this Agreement shall be construed, interpreted and administered in a manner that is consistent with this intent and the requirements for avoiding additional taxes or penalties under Section 409A. Notwithstanding the foregoing, in no event shall the Company be liable for all or any portion of any taxes, penalties, interest or other expenses that may be incurred by the Grantee on account of Section 409A.

(b) Except as permitted under Section 409A of the Code, any deferred compensation (within the meaning of Section 409A of the Code) payable to a Grantee or for the Grantee's benefit under this Agreement and grants hereunder may not be reduced by, or offset against, any amount owing by the Grantee to the Company or any of its Subsidiaries.

(c) In the event that the Company determines that any amounts payable hereunder may be taxable to the Grantee under Code Section 409A prior to the payment and/or delivery to the Grantee of such amount, the Committee may adopt such amendments to the Agreement, and appropriate policies and procedures, including amendments and policies with retroactive effect, that the Committee determines necessary or appropriate to preserve the intended tax treatment of the benefits provided by the Cash Award and this Agreement.

(d) Notwithstanding any provision of this Agreement to the contrary, in light of the uncertainty with respect to the proper application of Section 409A of the Code, the Company reserves the right to make amendments to this Agreement and the terms of the Cash Award as the Company deems necessary or desirable to avoid the imposition of taxes or penalties under Section 409A of the Code. In any case, neither the Company nor any of its affiliates will have any obligation to indemnify or otherwise hold the Grantee harmless from any or all of such taxes or penalties.

Section 6.5- Notices. Any notice to be given under the terms of this Agreement to the Company shall be addressed to the Company in care of its Secretary, and any notice to be given to the Grantee shall be addressed to him or her at the address set forth in the records of the Company. By a notice given pursuant to this Section 6.5, either party may hereafter designate a different address for notices to be given to him, her or it. Any notice which is required to be given to the Grantee shall, if the Grantee is then deceased, be given to the Grantee's personal representative if such representative has previously informed the Company of his, her or its status and address by written notice under this Section 6.5. Any notice shall be deemed duly given when enclosed in a properly sealed envelope or wrapper addressed as aforesaid, deposited (with postage prepaid) in a post office or branch post office regularly maintained by the United States Postal Service. Notwithstanding the foregoing, any notice required or permitted hereunder from the Company to the Grantee may be made by electronic means, including by electronic mail to the Company-maintained electronic mailbox of the Grantee, and the Grantee hereby consents to receive such notice by electronic delivery. To the extent permitted in an electronically delivered notice described in the previous sentence, the Grantee shall be permitted to respond to such notice or communication by way of a responsive electronic communication, including by electronic mail.

Section 6.6- Titles. Titles are provided herein for convenience only and are not to serve as a basis for interpretation or construction of this Agreement.

Section 6.7- Non-Applicability of the Plan. The Cash Award is not granted pursuant to the Plan.

Section 6.8- Pronouns. The masculine pronoun shall include the feminine and neuter, and the singular the plural, where the context so indicates.

Section 6.9- Amendment. The Committee may amend this Agreement at any time, provided that no such amendment shall materially impair the rights of the Grantee unless reflected in a writing executed by the parties hereto that specifically states that it is amending this Agreement.

Section 6.10- Severability. The invalidity or unenforceability of any provision of this Agreement shall not affect the validity or enforceability of any other provision of this Agreement, and each provision of this Agreement shall be severable and enforceable to the extent permitted by law.

Section 6.11- Dispute Resolution. Any dispute or controversy arising under or in connection with this Agreement shall be resolved by arbitration in St. Louis, Missouri. Arbitrators shall be selected, and arbitration shall be conducted, in accordance with the rules of the American Arbitration Association. The Company shall pay or reimburse any legal fees in connection with such arbitration in the event that the Grantee prevails on a material element of his or her claim or defense. Legal fees eligible for reimbursement in one year under this Section 6.11 shall not affect the legal fees eligible for reimbursements during a subsequent calendar year, payments or reimbursements under this Section 6.11 may not be exchanged or substituted for another form of compensation to the Grantee, and any such reimbursement or payment will be paid within 60 days after the Grantee prevails, but in no event later than the last day of the Grantee's taxable year following the taxable year in which he incurred the expense giving rise to such reimbursement or payment. This Section 6.11 shall remain in effect throughout the Grantee's employment with the Company and for a period of five years following the Grantee's Termination of Service.

Section 6.12- Governing Law. The laws of the State of Delaware shall govern the interpretation, validity and performance of this Agreement regardless of the law that might be applied under principles of conflicts of laws.

Section 6.13- Successors. All obligations of the Company under this Agreement with respect to the Cash Award shall be binding on any successor to the Company, whether the existence of such successor is the result of a direct or indirect purchase, merger, consolidation, or otherwise, of all or substantially all of the business and/or assets of the Company.

Section 6.14- Cash Award Not Taken Into Account for Other Benefits . The Cash Award shall be a special incentive payment to the Grantee and shall not be taken into account in computing the amount of salary or compensation of the Grantee for purposes of determining any pension, retirement, death or other benefit under (a) any pension, retirement, profit-sharing, bonus, insurance or other employee benefit plan of the Company or its Subsidiaries, except as such plan shall otherwise expressly provide, or (b) any agreement between the Company or its Subsidiaries and the Grantee, except as such agreement shall otherwise expressly provide.

Section 6.15- Counterparts. This Agreement may be executed in counterparts, each of which shall be deemed an original but all of which together will constitute one and the same instrument. Counterpart signatures to this Agreement transmitted by facsimile, electronic mail, or by any other electronic means intended to preserve the original graphic and pictorial appearance of a document, will have the same effect as physical delivery of the paper document bearing an original signature.

[Signature Page Follows]

IN WITNESS WHEREOF, this Agreement has been executed and delivered by the parties hereto.

GRANTEE	**PEABODY ENERGY CORPORATION**
[ ]	By: Its: Cash Award: **[ ]**

SERVICE-BASED CASH AWARD AGREEMENT

THIS SERVICE-BASED CASH AWARD AGREEMENT (the "Agreement"), effective **[ ]** (the "Agreement Date"), is made by and between PEABODY ENERGY CORPORATION, a Delaware corporation (the " Company"), and the undersigned employee of the Company or a Subsidiary (the "Grantee"). The grant date for this Cash Award is **[ ]** (the "Grant Date").

WHEREAS, the Committee has determined that, subject to the provisions of this Agreement, it would be to the advantage and best interest of the Company and its stockholders to grant the opportunity to earn the service-based cash award provided for herein to the Grantee as an incentive for his or her efforts during his or her service with the Company or its Subsidiaries, and has advised the Company thereof and instructed the undersigned officer to enter into this Agreement to evidence this Cash Award opportunity;

WHEREAS, the Company deems it essential to the protection of its confidential information and competitive standing in its market to have its officers and executives have reasonable restrictive covenants in place;

WHEREAS, Grantee agrees and acknowledges that the Company has a legitimate interest to protect its confidential information and competitive standing; and

WHEREAS, the Company deems it essential to the optimal functioning of its business to have its officers and executives provide advance notice to the Company of their termination of employment.

NOW, **THEREFORE**, in consideration of the mutual covenants herein contained and other good and valuable consideration, receipt of which is hereby acknowledged, the parties hereby agree as follows:

ARTICLE I.
DEFINITIONS

Whenever the following terms are used in this Agreement, they shall have the meanings specified below. Capitalized terms not otherwise defined in this Agreement shall have the meanings specified in the Plan.

Section 1.1- "Board" means the Board of Directors of the Company.

Section 1.2- "Cash Award" shall mean the service-based cash award opportunity provided by the Company to the Grantee as evidenced by this Agreement.

Section 1.3- "Cause" shall mean (a) "Cause" as defined in the Grantee's employment agreement with the Company, if any; or (b) if the Grantee does not have an employment agreement with the Company or such agreement does not define "Cause," then: (i) any willful fraud, dishonesty or misconduct of the Grantee that can reasonably be expected to have a detrimental effect on (A) the reputation or business of the Company or any of its subsidiaries or affiliates or (B) the Grantee's reputation or performance of his or her duties to the Company or any of its subsidiaries or affiliates; (ii) willful refusal or failure of the Grantee to comply with the Company's Code of Business Conduct and Ethics, the Company's Anti-Corruption and Bribery policy or any other material corporate policy of the Company; (iii) the Grantee's willful or repeated failure to meet documented performance objectives or to perform his or her duties or to follow reasonable

and lawful directives of his or her manager (other than due to death or Disability); (iv) the Grantee's conviction of, or plea of nolo contendere to (A) any felony, or (B) any other criminal charge that may reasonably be expected to have a material detrimental effect on the reputation or business of the Company or any of its subsidiaries or affiliates; or (v) the Grantee's willful failure to cooperate with a bona fide internal investigation or an investigation by regulatory or law enforcement authorities, whether or not related to the Grantee's employment with the Company, after being instructed to cooperate by the Chairman of the Board and/or Company's Chief Executive Officer or by the Board, or the willful destruction of or willful failure to preserve documents or other material known to be relevant to any such investigation; provided, that with respect to clause (ii) or (iii) above, the Grantee shall have 15 business days following written notice of the conduct which is the basis for the potential termination for "Cause" within which to cure such conduct, to the extent it can be cured, to prevent termination for "Cause" by the Company, and if the Grantee cures the conduct that is the basis for the potential termination for "Cause" within such period, the Company's notice of termination shall be deemed withdrawn.

Section 1.4- "Change in Control" shall mean the occurrence of any one or more of the following: (a) any corporation, person or other entity (other than the Company, a majority-owned subsidiary of the Company or any of its Subsidiaries, or an employee benefit plan (or related trust) sponsored or maintained by the Company or any of its Subsidiaries), including a "group" as defined in Section 13(d)(3) of the Securities Exchange Act of 1934, as amended, becomes the beneficial owner of stock representing more than fifty percent (50%) of the combined voting power of the Company's then outstanding securities; (b) there is consummated (i) a merger, consolidation, plan of arrangement, reorganization or similar transaction or series of transactions in which the Company is involved, other than such a transaction or series of transactions which would result in the shareholders of the Company immediately prior thereto continuing to own (either by remaining outstanding or by being converted into voting securities of the surviving entity) more than fifty percent (50%) of the combined voting power of the securities of the Company or such surviving entity (or the parent, if any) outstanding immediately after such transaction(s) in substantially the same proportions as their ownership immediately prior to such transaction(s); (ii) a sale or other disposition of all or substantially all of the Company's assets; or (iii) approval by the Company's shareholders of a plan of liquidation of the Company; or (c) within any period of 24 consecutive months, persons who were members of the Board immediately prior to such 24-month period, together with persons who were first elected as directors (other than as a result of any settlement of a proxy or consent solicitation contest or any action taken to avoid such a contest) during such 24-month period by or upon the recommendation of persons who were members of the Board immediately prior to such 24-month period and who constituted a majority of the Board at the time of such election, cease to constitute a majority of the Board; provided, however, that to the extent this Cash Award is subject to liability under Code Section 409A and does not qualify for an exemption from Code Section 409A coverage, a Change in Control shall include any event or series of events described in the foregoing provisions of this Section 1.4, but only to the extent such event or series of events also constitutes a "change of control event" (as described in Treasury Regulation Section 1.409A-3(i)(5)(i)) with respect to the Company.

Section 1.5- "Code" shall mean the Internal Revenue Code of 1986 (and any successor thereto), as amended from time to time. References to a particular section of the Code include references to regulations and rulings thereunder and to successor provisions.

Section 1.6- "Committee" shall mean the Compensation Committee of the Board.

Section 1.7- "Disability" shall mean a mental or physical illness that entitles the Grantee to receive benefits under the long-term disability plan of the Company or any Subsidiary, or if the Grantee is not covered by such a plan or the Grantee is not an employee of the Company or any Subsidiary, a mental or physical

illness that renders a Grantee totally and permanently incapable of performing the Grantee's duties for the Company or a Subsidiary. Notwithstanding the foregoing: (a) a Disability shall not qualify if it is the result of (i) a willfully self-inflicted injury or willfully self-induced sickness; or (ii) an injury or disease contracted, suffered, or incurred while participating in a felony criminal offense; and (b) with respect to this Cash Award if it is subject to liability under Code Section 409A and does not qualify for an exemption from Code Section 409A coverage, Disability shall mean a Grantee's inability to engage in any substantial gainful activity by reason of any medically determinable physical or mental impairment that can be expected to result in death or can be expected to last for a continuous period of not less than 12 months.

Section 1.8- "Good Reason" shall mean (a) "Good Reason" as defined in the Grantee's employment agreement with the Company, if any; or (b) if the Grantee does not have an employment agreement with the Company or such agreement does not define Good Reason, then: (i) a reduction, other than a reduction that generally affects all similarly-situated executives and does not exceed 10% in one year or 20% in the aggregate over three consecutive years, by the Company in the Grantee's base salary from that in effect immediately prior to the reduction; (ii) a material reduction, other than a reduction that generally affects all similarly-situated executives, by the Company in the Grantee's target or maximum annual cash incentive award opportunity or target or maximum annual equity-based compensation award opportunity from those in effect immediately prior to any such reduction; (iii) relocation, other than through mutual agreement in writing between the Company and the Grantee or a secondment or temporary relocation for a reasonably finite period of time, of the Grantee's primary office by more than 50 miles from the location of the Grantee's primary office as of the Agreement Date; or (iv) any material diminution or material adverse change in the Grantee's duties or responsibilities as they exist as of the Agreement Date; provided, that (x) if the Grantee terminates Grantee's employment for "Good Reason," the Grantee shall provide written notice to the Company at least 30 days in advance of the date of termination, such notice shall describe the conduct the Grantee believes to constitute "Good Reason" and the Company shall have the opportunity to cure the "Good Reason" within 30 days after receiving such notice, (y) if the Company cures the conduct that is the basis for the potential termination for "Good Reason" within such 30-day period, the Grantee's notice of termination shall be deemed withdrawn and (z) if the Grantee does not give notice to the Company as described in this Section 1.8 within 90 days after an event giving rise to "Good Reason," the Grantee's right to claim "Good Reason" termination on the basis of such event shall be deemed waived.

Section 1.9- "Person" shall mean any individual, sole proprietorship, corporation, partnership, joint venture, limited liability company, association, joint-stock company, trust, unincorporated organization, institution, public benefit corporation, entity or government instrumentality, division, agency, body or department.

Section 1.10- "Plan" shall mean the Peabody Energy Corporation 2015 Long-Term Incentive Plan, as in effect on the Agreement Date.

Section 1.11- "Retirement" shall mean a Termination of Service on or after age sixty (60) with at least ten (10) years of service with the Company.

Section 1.12- "Section 409A" shall mean Section 409A of the Code and the applicable regulations or other guidance issued thereunder.

Section 1.13- "Subsidiary" shall mean any Person that directly, or through one (1) or more intermediaries, is controlled by the Company and that would be treated as a single employer with the Company under Sections 414(b) and 414(c) of the Code if the language "at least 50 percent" is used instead of "at least

80 percent" each place it appears in Code Sections 1563(a)(1), (2) and (3) and Treasury Regulation Section 1.414(c)-2.

Section 1.14- "Termination of Service" occurs (a) on the first day on which an individual is for any reason no longer providing services to the Company or a Subsidiary in the capacity of an employee, director or consultant or (b) with respect to an individual who is an employee or consultant to a Subsidiary, the first day on which such entity ceases to be a Subsidiary of the Company and such individual is no longer providing services to the Company or another Subsidiary; provided, that the Committee shall have the discretion to determine when a Grantee, who terminates services as an employee, but continues to provide services in the capacity of a consultant immediately following such termination, has incurred a Termination of Service. Notwithstanding the foregoing, in the case of this Cash Award if it is subject to liability under Code Section 409A and does not qualify for an exemption from Code Section 409A coverage, a Termination of Service shall only occur at the time of the Grantee's "separation from service" with the Company within the meaning of Code Section 409A or as otherwise set forth in this Agreement or a deferral election form.

ARTICLE II
GRANT OF CASH AWARD

Section 2.1- Grant of Cash Award. The Company has granted to the Grantee on the Grant Date this Cash Award with respect to the cash amount set forth on the signature page hereto. The grant of the Cash Award has been made in consideration of the services to be rendered by the Grantee to the Company.

Section 2.2- No Obligation of Employment. Nothing in this Agreement shall confer upon the Grantee any right to continue in the employ of the Company, or any Subsidiary or affiliate, or interfere with or restrict in any way the rights of the Company and its Subsidiaries or affiliates, which are hereby expressly reserved, to terminate the employment of the Grantee at any time for any reason whatsoever, with or without Cause.

Section 2.3- Change in Control. In order to maintain Grantee's rights with respect to the Cash Award evidenced hereby, upon the occurrence of a Change in Control, the Committee may take any actions with respect to the Cash Award or make any modifications to the Cash Award as it deems appropriate to reflect such Change in Control.

ARTICLE III
VESTING OF CASH AWARD

Section 3.1- Vesting.

(a) Retirement-Eligible Grantee. If the Grantee is eligible for Retirement as of the Grant Date, the Cash Award shall vest [ ].

(b) Non-Retirement-Eligible Grantee. If the Grantee is not eligible for Retirement as of the Grant Date, then, except as provided in Section 3.1(c) hereof, the Cash Award shall vest [ ].

(c) Special Rule. In the event the Grantee becomes eligible for Retirement after the Grant Date, the provisions of Section 3.1(a) above shall apply on and after the date the Grantee becomes eligible for Retirement. However, on the [ ] of the Grant Date following the date on which the Grantee becomes eligible for Retirement, a portion of the Cash Award shall immediately vest. Such

vesting portion shall equal the result of the following formula: X *multiplied by* (Y/[ ]), where "X" is equal to [ ] of the aggregate value of the Cash Award (as set forth on the signature page hereto), and "Y" is [ ].

Section 3.2- Acceleration Events. Notwithstanding Section 3.1 hereof, the Cash Award shall become fully vested and non-forfeitable upon (a) a Termination of Service within two years following a Change in Control, provided such Termination of Employment is by the Company without Cause or by the Grantee for Good Reason; or (b) the Grantee's death or Disability (each, an "Acceleration Event") (provided, that no payment of the Cash Award shall be accelerated to the extent such payment would cause the Cash Award to be subject to the adverse consequences described in Code Section 409A).

Section 3.3- Effect of Termination of Service. Except as provided in Section 3.2, no portion of the Cash Award shall become vested and non-forfeitable following Termination of Service, and any such non-vested and forfeitable portion of the Cash Award shall be immediately and automatically forfeited upon Termination of Service.

ARTICLE IV.
SETTLEMENT OF CASH AWARD

Section 4.1- Calculation of Settlement Amount. Subject to any withholding obligations described in Section 6.3, as soon as administratively feasible following the first to occur of (a) [ ] of the Grant Date or (b) the date an Acceleration Event occurs (each such date, a "Computation Date"), and in no event later than 60 days following the applicable Computation Date, the Company shall, subject to Article V, pay to the Grantee the amount of cash equal to such vested portion of the Cash Award. Notwithstanding the foregoing or anything else in this Agreement to the contrary, if any payment hereunder is triggered by a Termination of Service of the Grantee (other than due to the Grantee's death) and the Grantee is a "specified employee" (as such term is defined in Section 409A and using the identification methodology selected by the Company from time to time), the applicable portion of the Cash Award shall, subject to Article V and any withholding obligations described in Section 6.3, be paid to the Grantee, without interest, on the first day of the seventh month after such Termination of Service.

Section 4.2- Forfeiture of Unvested Portion of Cash Award. To the extent that the Grantee does not vest in a portion of the Cash Award, all interest in such portion of the Cash Award shall be forfeited upon the Grantee's Termination of Service. The Grantee has no right or interest in any portion of the Cash Award that is forfeited.

ARTICLE V
CONDITION TO GRANT OF CASH AWARD; OTHER PROVISIONS

Section 5.1- Restrictive Covenant Agreement. The Grantee shall not be entitled to receive the Cash Award unless the Grantee shall have executed and delivered the Restrictive Covenant Agreement, substantially in the form attached hereto as Exhibit A, and such shall be in full force and effect.

Section 5.2- Notice Period. The Grantee may terminate the Grantee's employment with the Company or a Subsidiary at any time for any reason by delivery of notice to the Company at least **[30/ 60/ 90]** days in advance of the date of termination (the "Notice Period"); provided, however, that no communication, statement or announcement shall be considered to constitute such notice of termination of Grantee's employment unless it complies with Section 6.5 hereof and specifically recites that it is a notice of termination of employment for purposes of this Agreement; and provided, further, that the Company may

waive any or all of the Notice Period, in which case Grantee's employment with the Company will terminate on the date determined by the Company.

Section 5.3- Breach of Restrictive Covenant Agreement or Section 5.2. If Grantee materially breaches any provision of the Restrictive Covenant Agreement or Section 5.2 hereof, the Company may determine that Grantee (a) will forfeit any unpaid portion of the Cash Award and (b) will repay to the Company any portion of the Cash Award previously paid to Grantee.

ARTICLE VI
MISCELLANEOUS

Section 6.1- Administration. The Committee has the power to interpret the Cash Award and this Agreement. All actions taken and all interpretations and determinations made by the Committee shall be final and binding upon the Grantee, the Company and all other interested persons. No member of the Committee shall be personally liable for any action, determination or interpretation made in good faith with respect to the Cash Award. In its absolute discretion, the Board may at any time and from time to time exercise any and all rights and duties of the Committee under this Agreement.

Section 6.2- Cash Award Not Transferable . Neither the Cash Award nor any interest or right therein or part thereof shall be liable for the debts, contracts or engagements of the Grantee or his or her successors in interest or shall be subject to disposition by transfer, alienation, anticipation, pledge, encumbrance, assignment or any other means whether such disposition is voluntary or involuntary or by operation of law by judgment, levy, attachment, garnishment or any other legal or equitable proceedings (including bankruptcy), and any attempted disposition thereof shall be null and void and of no effect; provided, however, that this Section 6.2 shall not prevent transfers by will or by the applicable laws of descent and distribution.

Section 6.3- Withholding. Unless the Grantee makes alternative arrangements satisfactory to the Company to personally remit required withholding amounts, then, as of the date that all or a portion of the Cash Award becomes paid pursuant to Section 4.1 hereof, the Company shall withhold a portion of the Cash Award so paid as required by law to be withheld by the Company in connection with such payment for applicable federal, state, local and foreign taxes of any kind. To the extent taxes are to be withheld upon vesting for purposes of federal FICA, FUTA or Medicare taxes, such withholding shall be taken from other income owed by the Company to the Grantee and the Grantee hereby agrees to such withholding. For all purposes, the amount withheld by the Company pursuant to this Section 6.3 shall be deemed to have first been paid to the Grantee.

Section 6.4- Section 409A.

(a) To the extent applicable, this Agreement is intended to comply with Section 409A so that the income inclusion provisions of Section 409A(a)(1) of the Code do not apply to Grantee, and this Agreement shall be construed, interpreted and administered in a manner that is consistent with this intent and the requirements for avoiding additional taxes or penalties under Section 409A. Notwithstanding the foregoing, in no event shall the Company be liable for all or any portion of any taxes, penalties, interest or other expenses that may be incurred by the Grantee on account of Section 409A.

(b) Except as permitted under Section 409A of the Code, any deferred compensation (within the meaning of Section 409A of the Code) payable to a Grantee or for the Grantee's benefit under this Agreement and grants hereunder may not be reduced by, or offset against, any amount owing by the Grantee to the Company or any of its Subsidiaries.

(c) In the event that the Company determines that any amounts payable hereunder may be taxable to the Grantee under Code Section 409A prior to the payment and/or delivery to the Grantee of such amount, the Committee may adopt such amendments to the Agreement, and appropriate policies and procedures, including amendments and policies with retroactive effect, that the Committee determines necessary or appropriate to preserve the intended tax treatment of the benefits provided by the Cash Award and this Agreement.

(d) Notwithstanding any provision of this Agreement to the contrary, in light of the uncertainty with respect to the proper application of Section 409A of the Code, the Company reserves the right to make amendments to this Agreement and the terms of the Cash Award as the Company deems necessary or desirable to avoid the imposition of taxes or penalties under Section 409A of the Code. In any case, neither the Company nor any of its affiliates will have any obligation to indemnify or otherwise hold the Grantee harmless from any or all of such taxes or penalties.

Section 6.5- Notices. Any notice to be given under the terms of this Agreement to the Company shall be addressed to the Company in care of its Secretary, and any notice to be given to the Grantee shall be addressed to him or her at the address set forth in the records of the Company. By a notice given pursuant to this Section 6.5, either party may hereafter designate a different address for notices to be given to him, her or it. Any notice which is required to be given to the Grantee shall, if the Grantee is then deceased, be given to the Grantee's personal representative if such representative has previously informed the Company of his, her or its status and address by written notice under this Section 6.5. Any notice shall be deemed duly given when enclosed in a properly sealed envelope or wrapper addressed as aforesaid, deposited (with postage prepaid) in a post office or branch post office regularly maintained by the United States Postal Service. Notwithstanding the foregoing, any notice required or permitted hereunder from the Company to the Grantee may be made by electronic means, including by electronic mail to the Company-maintained electronic mailbox of the Grantee, and the Grantee hereby consents to receive such notice by electronic delivery. To the extent permitted in an electronically delivered notice described in the previous sentence, the Grantee shall be permitted to respond to such notice or communication by way of a responsive electronic communication, including by electronic mail.

Section 6.6- Titles. Titles are provided herein for convenience only and are not to serve as a basis for interpretation or construction of this Agreement.

Section 6.7- Non-Applicability of the Plan. The Cash Award is not granted pursuant to the Plan.

Section 6.8- Pronouns. The masculine pronoun shall include the feminine and neuter, and the singular the plural, where the context so indicates.

Section 6.9- Amendment. The Committee may amend this Agreement at any time, provided that no such amendment shall materially impair the rights of the Grantee unless reflected in a writing executed by the parties hereto that specifically states that it is amending this Agreement.

Section 6.10- Severability. The invalidity or unenforceability of any provision of this Agreement shall not affect the validity or enforceability of any other provision of this Agreement, and each provision of this Agreement shall be severable and enforceable to the extent permitted by law.

Section 6.11- Dispute Resolution. Any dispute or controversy arising under or in connection with this Agreement shall be resolved by arbitration in St. Louis, Missouri. Arbitrators shall be selected, and arbitration shall be conducted, in accordance with the rules of the American Arbitration Association. The Company shall pay or reimburse any legal fees in connection with such arbitration in the event that the Grantee prevails on a material element of his or her claim or defense. Legal fees eligible for reimbursement in one year under this Section 6.11 shall not affect the legal fees eligible for reimbursements during a subsequent calendar year, payments or reimbursements under this Section 6.11 may not be exchanged or substituted for another form of compensation to the Grantee, and any such reimbursement or payment will be paid within 60 days after the Grantee prevails, but in no event later than the last day of the Grantee's taxable year following the taxable year in which he incurred the expense giving rise to such reimbursement or payment. This Section 6.11 shall remain in effect throughout the Grantee's employment with the Company and for a period of five years following the Grantee's Termination of Service.

Section 6.12- Governing Law. The laws of the State of Delaware shall govern the interpretation, validity and performance of this Agreement regardless of the law that might be applied under principles of conflicts of laws.

Section 6.13- Successors. All obligations of the Company under this Agreement with respect to the Cash Award shall be binding on any successor to the Company, whether the existence of such successor is the result of a direct or indirect purchase, merger, consolidation, or otherwise, of all or substantially all of the business and/or assets of the Company.

Section 6.14- Cash Award Not Taken Into Account for Other Benefits. The Cash Award shall be a special incentive payment to the Grantee and shall not be taken into account in computing the amount of salary or compensation of the Grantee for purposes of determining any pension, retirement, death or other benefit under (a) any pension, retirement, profit-sharing, bonus, insurance or other employee benefit plan of the Company or its Subsidiaries, except as such plan shall otherwise expressly provide, or (b) any agreement between the Company or its Subsidiaries and the Grantee, except as such agreement shall otherwise expressly provide.

Section 6.15- Counterparts. This Agreement may be executed in counterparts, each of which shall be deemed an original but all of which together will constitute one and the same instrument. Counterpart signatures to this Agreement transmitted by facsimile, electronic mail, or by any other electronic means intended to preserve the original graphic and pictorial appearance of a document, will have the same effect as physical delivery of the paper document bearing an original signature.

[Signature Page Follows]

IN WITNESS WHEREOF, this Agreement has been executed and delivered by the parties hereto.

GRANTEE	**PEABODY ENERGY CORPORATION**
[ ]	By: Its: Cash Award: **[ ]**

SERVICE-BASED CASH AWARD AGREEMENT

THIS SERVICE-BASED CASH AWARD AGREEMENT (the "Agreement"), effective **[ ]** (the "Agreement Date"), is made by and between PEABODY ENERGY CORPORATION, a Delaware corporation (the "Company"), and the undersigned non-employee director of the Company (the "Grantee"). The grant date for this Cash Award is **[ ]** (the "Grant Date").

WHEREAS, the Committee has determined that it would be to the advantage and best interest of the Company and its stockholders to grant the opportunity to earn the service-based cash award provided for herein to the Grantee as an incentive for efforts during his or her term with the Company, and has advised the Company thereof and instructed the undersigned officer to enter into this Agreement to evidence this Cash Award opportunity.

NOW, **THEREFORE**, in consideration of the mutual covenants herein contained and other good and valuable consideration, receipt of which is hereby acknowledged, the parties hereby agree as follows:

ARTICLE I.
DEFINITIONS

Whenever the following terms are used in this Agreement, they shall have the meanings specified below. Capitalized terms not otherwise defined in this Agreement shall have the meanings specified in the Plan.

Section 1.1- "Board" means the Board of Directors of the Company.

Section 1.2- "Cash Award" shall mean the service-based cash award opportunity provided by the Company to the Grantee as evidenced by this Agreement.

Section 1.3- "Change in Control" shall mean the occurrence of any one or more of the following: (a) any corporation, person or other entity (other than the Company, a majority-owned subsidiary of the Company or any of its Subsidiaries, or an employee benefit plan (or related trust) sponsored or maintained by the Company or any of its Subsidiaries), including a "group" as defined in Section 13(d)(3) of the Securities Exchange Act of 1934, as amended, becomes the beneficial owner of stock representing more than fifty percent (50%) of the combined voting power of the Company's then outstanding securities; (b) there is consummated (i) a merger, consolidation, plan of arrangement, reorganization or similar transaction or series of transactions in which the Company is involved, other than such a transaction or series of transactions which would result in the shareholders of the Company immediately prior thereto continuing to own (either by remaining outstanding or by being converted into voting securities of the surviving entity) more than fifty percent (50%) of the combined voting power of the securities of the Company or such surviving entity (or the parent, if any) outstanding immediately after such transaction(s) in substantially the same proportions as their ownership immediately prior to such transaction(s); (ii) a sale or other disposition of all or substantially all of the Company's assets; or (iii) approval by the Company's shareholders of a plan of liquidation of the Company; or (c) within any period of 24 consecutive months, persons who were members of the Board immediately prior to such 24-month period, together with persons who were first elected as directors (other than as a result of any settlement of a proxy or consent solicitation contest or any action taken to avoid such a contest) during such 24-month period by or upon the recommendation of persons who were members of the Board immediately prior to such 24-month period and who constituted a majority of the Board at the

time of such election, cease to constitute a majority of the Board; provided, however, that to the extent this Cash Award is subject to liability under Code Section 409A and does not qualify for an exemption from Code
Section 409A coverage, a Change in Control shall include any event or series of events described in the foregoing provisions of this Section 1.3, but only to the extent such event or series of events also constitutes a "change of control event" (as described in Treasury Regulation Section 1.409A-3(i)(5)(i)) with respect to the Company.

Section 1.4 - "Code" shall mean the Internal Revenue Code of 1986 (and any successor thereto), as amended from time to time. References to a particular section of the Code include references to regulations and rulings thereunder and to successor provisions.

Section 1.5 - "Committee" shall mean the Compensation Committee of the Board.

Section 1.6 - "Disability" shall mean a mental or physical illness that renders a Grantee totally and permanently incapable of performing the Grantee's duties for the Company. Notwithstanding the foregoing: (a) a Disability shall not qualify if it is the result of (i) a willfully self-inflicted injury or willfully self-induced sickness; or (ii) an injury or disease contracted, suffered, or incurred while participating in a felony criminal offense; and (b) with respect to this Cash Award if it is subject to liability under Code Section 409A and does not qualify for an exemption from Code Section 409A coverage, Disability shall mean a Grantee's inability to engage in any substantial gainful activity by reason of any medically determinable physical or mental impairment that can be expected to result in death or can be expected to last for a continuous period of not less than 12 months.

Section 1.7 - "Person" shall mean any individual, sole proprietorship, corporation, partnership, joint venture, limited liability company, association, joint-stock company, trust, unincorporated organization, institution, public benefit corporation, entity or government instrumentality, division, agency, body or department.

Section 1.8 - "Plan" shall mean the Peabody Energy Corporation 2015 Long-Term Incentive Plan, as in effect on the Agreement Date.

Section 1.9 - "Section 409A" shall mean Section 409A of the Code and the applicable regulations or other guidance issued thereunder.

Section 1.10 - "Subsidiary" shall mean any Person that directly, or through one (1) or more intermediaries, is controlled by the Company and that would be treated as a single employer with the Company under Sections 414(b) and 414(c) of the Code if the language "at least 50 percent" is used instead of "at least 80 percent" each place it appears in Code Sections 1563(a)(1), (2) and (3) and Treasury Regulation Section 1.414(c)-2.

Section 1.11 - "Separation from Service" shall mean a termination of the Grantee's employment or service with the Company or its subsidiary or affiliate (regardless of the reason therefor) that constitutes a "separation from service" as defined in Section 409A or applicable regulations or other guidance in effect thereunder.

ARTICLE II
GRANT OF CASH AWARD

Section 2.1- Grant of Cash Award. The Company has granted to the Grantee on the Grant Date this Cash Award with respect to the cash amount set forth on the signature page hereto. The grant of the Cash Award has been made in consideration of the services to be rendered by the Grantee to the Company.

Section 2.1- No Obligation of Service. Nothing in this Agreement shall confer upon the Grantee any right to continue in the service of the Company or interfere with or restrict in any way the rights of the Company, which are hereby expressly reserved, to terminate the service of the Grantee at any time for any reason whatsoever.

Section 2.3- Change in Control. In order to maintain Grantee's rights with respect to the Cash Award evidenced hereby, upon the occurrence of a Change in Control, the Committee may take any actions with respect to the Cash Award or make any modifications to the Cash Award as it deems appropriate to reflect such Change in Control.

ARTICLE III
VESTING OF CASH AWARD

Section 3.1- Vesting. Subject to Sections 3.2 and 3.3, the Cash Award shall vest [ ].

Section 3.2- Acceleration Events. Notwithstanding the provisions of Section 3.1, the Cash Award shall become fully vested and non-forfeitable upon the earliest to occur of: (a) the Grantee's Separation from Service due to death or Disability; (b) a Change in Control; or (c) the Grantee's Separation from Service due to the Grantee reaching the end of his or her elected term and either (i) being ineligible to run for an additional term on the Board as a result of reaching age 75 or (ii) having completed at least three years of service as a director (each, an "Acceleration Event").

Section 3.3- Effect of Separation from Service. Except as otherwise provided in Section 3.2, no unvested portion of the Cash Award shall become vested following the Grantee's Separation from Service, and any unvested portion of the Cash Award shall be immediately and automatically forfeited upon the Grantee's Separation from Service.

ARTICLE IV.
SETTLEMENT OF CASH AWARD

Section 4.1- Calculation of Settlement Amount. Subject to the terms of this Agreement, as soon as administratively feasible following the first to occur of (a) the [ ] anniversary of the Grant Date or (b) the date an Acceleration Event occurs (each such date, a "Computation Date"), and in no event later than 60 days following the applicable Computation Date, the Company shall pay to the Grantee the amount of cash equal to such vested portion of the Cash Award. Notwithstanding the foregoing or anything else in this Agreement to the contrary, if any payment hereunder is triggered by a Separation from Service of the Grantee (other than due to the Grantee's death) and the Grantee is a "specified employee" (as such term is defined in Section 409A and using the identification methodology selected by the Company from time to time), the applicable portion of the Cash Award shall be paid to the Grantee, without interest, on the first day of the seventh month after such Separation from Service.

Section 4.2- Forfeiture of Unvested Portion of Cash Award. To the extent that the Grantee does not vest in a portion of the Cash Award, all interest in such portion of the Cash Award shall be forfeited upon the Grantee's Separation from Service. The Grantee has no right or interest in any portion of the Cash Award that is forfeited.

ARTICLE V.
MISCELLANEOUS

Section 5.1- Tax Consequences. Unless otherwise specifically provided in another agreement between the Company and the Grantee, the Company shall not be liable or responsible for any tax of the Grantee relating to the Cash Award, and the Grantee agrees to be responsible for, any and all such taxes with respect to the Cash Award.

Section 5.2- Administration. The Committee has the power to interpret the Cash Award and this Agreement. All actions taken and all interpretations and determinations made by the Committee shall be final and binding upon the Grantee, the Company and all other interested persons. No member of the Committee shall be personally liable for any action, determination or interpretation made in good faith with respect to the Cash Award. In its absolute discretion, the Board may at any time and from time to time exercise any and all rights and duties of the Committee under this Agreement.

Section 5.3- Cash Award Not Transferable. Neither the Cash Award nor any interest or right therein or part thereof shall be liable for the debts, contracts or engagements of the Grantee or his or her successors in interest or shall be subject to disposition by transfer, alienation, anticipation, pledge, encumbrance, assignment or any other means whether such disposition is voluntary or involuntary or by operation of law by judgment, levy, attachment, garnishment or any other legal or equitable proceedings (including bankruptcy), and any attempted disposition thereof shall be null and void and of no effect; provided, however, that this Section 5.3 shall not prevent transfers by will or by the applicable laws of descent and distribution.

Section 5.4- Section 409A.

(a) To the extent applicable, this Agreement is intended to comply with Section 409A so that the income inclusion provisions of Section 409A(a)(1) of the Code do not apply to Grantee, and this Agreement shall be construed, interpreted and administered in a manner that is consistent with this intent and the requirements for avoiding additional taxes or penalties under Section 409A. Notwithstanding the foregoing, in no event shall the Company be liable for all or any portion of any taxes, penalties, interest or other expenses that may be incurred by the Grantee on account of Section 409A.

(b) Except as permitted under Section 409A of the Code, any deferred compensation (within the meaning of Section 409A of the Code) payable to a Grantee or for the Grantee's benefit under this Agreement and grants hereunder may not be reduced by, or offset against, any amount owing by the Grantee to the Company or any of its Subsidiaries.

(c) In the event that the Company determines that any amounts payable hereunder may be taxable to the Grantee under Code Section 409A prior to the payment and/or delivery to the Grantee of such amount, the Committee may adopt such amendments to the Agreement, and appropriate policies and procedures, including amendments and policies with retroactive effect, that the Committee determines necessary or appropriate to preserve the intended tax treatment of the benefits provided by the Cash Award and this Agreement.

(d) Notwithstanding any provision of this Agreement to the contrary, in light of the uncertainty with respect to the proper application of Section 409A of the Code, the Company reserves the right to make amendments to this Agreement and the terms of the Cash Award as the Company deems necessary or desirable to avoid the imposition of taxes or penalties under Section 409A of the Code. In any case, neither the Company nor any of its affiliates will have any obligation to indemnify or otherwise hold the Grantee harmless from any or all of such taxes or penalties.

Section 5.5- Notices. Any notice to be given under the terms of this Agreement to the Company shall be addressed to the Company in care of its Secretary, and any notice to be given to the Grantee shall be addressed to him or her at the address set forth in the records of the Company. By a notice given pursuant to this Section 5.5, either party may hereafter designate a different address for notices to be given to him, her or it. Any notice which is required to be given to the Grantee shall, if the Grantee is then deceased, be given to the Grantee's personal representative if such representative has previously informed the Company of his, her or its status and address by written notice under this Section 5.5. Any notice shall be deemed duly given when enclosed in a properly sealed envelope or wrapper addressed as aforesaid, deposited (with postage prepaid) in a post office or branch post office regularly maintained by the United States Postal Service. Notwithstanding the foregoing, any notice required or permitted hereunder from the Company to the Grantee may be made by electronic means, including by electronic mail to the Company-maintained electronic mailbox of the Grantee, and the Grantee hereby consents to receive such notice by electronic delivery. To the extent permitted in an electronically delivered notice described in the previous sentence, the Grantee shall be permitted to respond to such notice or communication by way of a responsive electronic communication, including by electronic mail.

Section 5.6- Titles. Titles are provided herein for convenience only and are not to serve as a basis for interpretation or construction of this Agreement.

Section 5.7- Non-Applicability of the Plan. The Cash Award is not granted pursuant to the Plan.

Section 5.8- Pronouns. The masculine pronoun shall include the feminine and neuter, and the singular the plural, where the context so indicates.

Section 5.9- Amendment. The Committee may amend this Agreement at any time, provided that no such amendment shall materially impair the rights of the Grantee unless reflected in a writing executed by the parties hereto that specifically states that it is amending this Agreement.

Section 5.10- Severability. The invalidity or unenforceability of any provision of this Agreement shall not affect the validity or enforceability of any other provision of this Agreement, and each provision of this Agreement shall be severable and enforceable to the extent permitted by law.

Section 5.11- Dispute Resolution. Any dispute or controversy arising under or in connection with this Agreement shall be resolved by arbitration in St. Louis, Missouri. Arbitrators shall be selected, and arbitration shall be conducted, in accordance with the rules of the American Arbitration Association. The Company shall pay or reimburse any legal fees in connection with such arbitration in the event that the Grantee prevails on a material element of his or her claim or defense. Legal fees eligible for reimbursement in one year under this Section 5.11 shall not affect the legal fees eligible for reimbursements during a subsequent calendar year, payments or reimbursements under this Section 5.11 may not be exchanged or substituted for another form of compensation to the Grantee, and any such reimbursement or payment will be paid within 60 days after the Grantee prevails, but in no event later than the last day of the Grantee's

taxable year following the taxable year in which he incurred the expense giving rise to such reimbursement or payment. This Section 5.11 shall remain in effect throughout the Grantee's employment with the Company and for a period of five years following the Grantee's Separation from Service.

Section 5.12- Governing Law. The laws of the State of Delaware shall govern the interpretation, validity and performance of this Agreement regardless of the law that might be applied under principles of conflicts of laws.

Section 15.13- Successors. All obligations of the Company under this Agreement with respect to the Cash Award shall be binding on any successor to the Company, whether the existence of such successor is the result of a direct or indirect purchase, merger, consolidation, or otherwise, of all or substantially all of the business and/or assets of the Company.

Section 5.14- Cash Award Not Taken Into Account for Other Benefits . The Cash Award shall be a special cash payment to the Grantee and shall not be taken into account in computing the amount of salary or compensation of the Grantee for purposes of determining any pension, retirement, death or other benefit under (a) any pension, retirement, profit-sharing, bonus, insurance or other employee benefit plan of the Company or its Subsidiaries, except as such plan shall otherwise expressly provide, or (b) any agreement between the Company or its Subsidiaries and the Grantee, except as such agreement shall otherwise expressly provide.

Section 5.15- Counterparts. This Agreement may be executed in counterparts, each of which shall be deemed an original but all of which together will constitute one and the same instrument. Counterpart signatures to this Agreement transmitted by facsimile, electronic mail, or by any other electronic means intended to preserve the original graphic and pictorial appearance of a document, will have the same effect as physical delivery of the paper document bearing an original signature.

[Signature Page Follows]

IN WITNESS WHEREOF, this Agreement has been executed and delivered by the parties hereto.

GRANTEE	**PEABODY ENERGY CORPORATION**
[ ]	By: Its: Cash Award: **[ ]**

Deferred Stock Unit Agreement
2015 Plan
20[ ] Grant

DEFERRED STOCK UNITS AGREEMENT

THIS AGREEMENT (the "Agreement"), effective **[ ]**, is made by and between **PEABODY ENERGY CORPORATION**, a Delaware corporation (the "Company"), and the undersigned non-employee director of the Company (the "Grantee"). The Grant Date for these Deferred Stock Units is **[ ]** (the "Grant Date").

WHEREAS, the Company wishes to afford the Grantee the opportunity to own shares of Common Stock;

WHEREAS, the Company wishes to carry out the Plan, the terms of which are hereby incorporated by reference and made a part of this Agreement; and

WHEREAS, the Committee appointed to administer the Plan has determined that it would be to the advantage and best interest of the Company and its stockholders to grant Deferred Stock Units to the Grantee as an incentive for increased efforts during his or her term with the Company, and has advised the Company thereof and instructed the undersigned officer to enter into this Agreement to evidence this grant of Deferred Stock Units.

NOW, THEREFORE, in consideration of the mutual covenants herein contained and other good and valuable consideration, receipt of which is hereby acknowledged, the parties hereby agree as follows:

ARTICLE 1
DEFINITIONS

Whenever the following terms are used in this Agreement, they shall have the meanings specified below. Capitalized terms not otherwise defined in this Agreement shall have the meanings specified in the Plan.

Section 1.1 - "Change in Control" shall have the meaning given to such term in Section 2.10 of the Plan.

Section 1.2 - "Code" shall mean the Internal Revenue Code of 1986, as amended.

Section 1.3 - "Committee" shall have the meaning set forth in Section 2.12 of the Plan.

Section 1.4 - "Common Stock" shall have the meaning set forth in Section 2.13 of the Plan.

Section 1.5 - "Disability" shall have the meaning given to such term in Section 2.19 of the Plan.

Section 1.6 - Payment Date" shall mean, as used with respect to a Deferred Stock Unit, the earlier of (a) the Specified Distribution Date and (b) the date that is the 30th day following the date of Grantee's Separation from Service.

Section 1.7 - "Plan" shall mean the Peabody Energy Corporation 2015 Long-Term Incentive Plan, as amended from time to time.

Section 1.8 - "Section 409A" shall mean Section 409A of the Code and the applicable regulations or other guidance issued thereunder.

Section 1.9 - "Specified Distribution Date" shall mean, as used with respect to a Deferred Stock Unit evidenced hereby, the date that is the [ ] anniversary of the Grant Date; provided, that, as used with respect to a Deferred Stock Unit evidenced hereby that the Grantee has elected to defer in accordance with a properly and timely completed deferral election form, the date specified as the "Specified Distribution Date" on such deferral election form shall be the Specified Distribution Date for purposes of this Agreement; provided further, however, that the date specified on such deferral election form shall not be a date that is either (a) earlier than [ ], or (b) later than [ ].

Section 1.10 - "Separation from Service" shall mean a termination of the Grantee's employment or service with the Company or its subsidiary or affiliate (regardless of the reason therefor) that constitutes a "separation from service" as defined in Section 409A or applicable regulations or other guidance in effect thereunder.

ARTICLE 2
GRANT OF DEFERRED STOCK UNITS

Section 2.1 - Grant of Deferred Stock Units. For good and valuable consideration, the Company has granted to the Grantee the number of deferred stock units (each, a "Deferred Stock Unit") set forth on the signature page hereof upon the terms and subject to the conditions set forth in this Agreement. Each Deferred Stock Unit granted hereunder constitutes a hypothetical share of Common Stock of the Company with a value on any given date equal to the Fair Market Value of a share of Common Stock on such date. Each Deferred Stock Unit granted hereunder represents an unfunded and unsecured promise of the Company to issue, in accordance with Article 4 below, a share of Common Stock for each vested Deferred Stock Unit.

Section 2.2 - No Obligation of Service. Nothing in this Agreement or in the Plan shall confer upon the Grantee any right to continue in the service of the Company or interfere with or restrict in any way the rights of the Company, which rights are hereby expressly reserved, to terminate the service of the Grantee at any time for any reason whatsoever.

Section 2.3 - Adjustments in Deferred Stock Units. In the event of the occurrence of one of the corporate transactions or other events listed in Section 4.2 of the Plan, the Committee shall make such substitution or adjustment as provided in Sections 4.2 or 13.2 of the Plan or otherwise in the terms of the Deferred Stock Units in order to equitably reflect such corporate transaction or other event. Any such adjustment made by the Committee shall be final and binding upon the Grantee, the Company and all other interested persons.

Section 2.4 - Change in Control. In order to maintain the Grantee's rights with respect to the grant of Deferred Stock Units evidenced hereby, upon the occurrence of a Change in Control, the Committee may take such actions with respect to the Deferred Stock Units or make such modifications to the Deferred Stock Units as are permitted by the Plan.

ARTICLE 3
VESTING AND FORFEITURE OF DEFERRED STOCK UNITS

Section 3.1 - Deferred Stock Unit Vesting. Subject to Sections 3.2 and 3.3, the Deferred Stock Units shall become vested and subject to settlement ratably, on a monthly basis, over the [ ] -month period beginning on the Grant Date; provided, that, with respect to the portion of the Deferred Stock Units that are to vest in any given month, such vesting shall only occur to the extent that the Grantee remains in the service of the Company during the entire period commencing on the Grant Date and ending on the date during that month that such Deferred Stock Units are to become vested. For the purpose of clarity, the vesting of Deferred Stock Units in each month shall occur on the monthly anniversary of the Grant Date.

Section 3.2 - Acceleration Events. Notwithstanding the provisions of Section 3.1, the Deferred Stock Units shall become fully vested and subject to settlement upon the earliest to occur of: (a) the Grantee's Separation from Service due to death or Disability; (b) a Change in Control; or (c) the Grantee's Separation from Service due to the Grantee reaching the end of his or her elected term and either (i) being ineligible to run for an additional term on the Board as a result of reaching age 75 or (ii) having completed at least [ ] years of service as a director.

Section 3.3 - Effect of Separation from Service. Except as otherwise provided in Section 3.2, no unvested Deferred Stock Unit shall become vested and subject to settlement following the Grantee's Separation from Service, and unvested Deferred Stock Units shall be immediately and automatically forfeited upon the Grantee's Separation from Service.

ARTICLE 4
ISSUANCE OF STOCK

Section 4.1 - Payment Following Vesting of Deferred Stock Units. Subject to the terms of this Agreement, the Company shall issue to the Grantee (or, in the event of the Grantee's death, to his or her beneficiary or estate) a number of shares of Common Stock equal to the number of Deferred Stock Units vesting hereunder. Subject to Section 4.3, such shares of Common Stock shall be issued to the Grantee on the Payment Date.

Section 4.2 - Specified Employee. If the Payment Date is triggered by a Separation from Service other than due to death and at the time of such Separation from Service the Grantee is a "specified employee" (as such term is defined in Section 409A and using the identification methodology selected by the Company from time to time), the Company shall issue to the Grantee a number of shares of Common Stock equal to the number of vested Deferred Stock Units granted hereunder on the first day of the seventh month after the Payment Date.

Section 4.3 - Conditions to Issuance of Stock Certificates. Shares of Common Stock that may be issued in accordance with Section 4.1 or 4.2 may be either previously authorized but unissued shares or issued shares that have been reacquired by the Company. If the Committee reasonably anticipates, in accordance with Treasury Regulation Section 1.409A-2(b)(7)(ii), that issuing Common Stock on the Payment Date will violate federal securities laws or other applicable laws, the Company may delay issuing such Common Stock, provided that the Company issues such Common Stock on the earliest date on which the Committee reasonably anticipates that such issuance will not violate federal securities laws or other applicable laws.

Section 4.4 - Stockholder Rights. The Grantee shall not be, nor have any of the rights or privileges of, a stockholder of the Company in respect of any shares of Common Stock corresponding to Deferred Stock Units granted hereunder unless and until certificates representing such shares shall have been issued by the Company to the Grantee or such ownership has otherwise been indicated and documented by the Company. The Grantee shall not be entitled to dividend equivalents with respect to the Deferred Stock Units.

ARTICLE 5
MISCELLANEOUS

Section 5.1 - Tax Consequences. Unless otherwise specifically provided in another agreement between the Company and the Grantee, the Company shall not be liable or responsible for any tax of the Grantee relating to the Deferred Stock Units, and the Grantee agrees to be responsible for, any and all such taxes with respect to the Deferred Stock Units.

Section 5.2 - Administration. The Committee has the power to interpret the Plan and this Agreement and to adopt such rules for the administration, interpretation and application of the Plan as are consistent therewith and to interpret or revoke any such rules. All actions taken and all interpretations and determinations made by the Committee shall be final and binding upon the Grantee, the Company and all other interested persons. No member of the Committee shall be personally liable for any action, determination or interpretation made in good faith with respect to the Plan or the Deferred Stock Units. In its absolute discretion, the Board may at any time and from time to time exercise any and all rights and duties of the Committee under the Plan and this Agreement.

Section 5.3 - Deferred Stock Units Not Transferable. Neither the Deferred Stock Units nor any interest or right therein or part thereof shall be liable for the debts, contracts or engagements of the Grantee or his or her successors in interest or shall be subject to disposition by transfer, alienation, anticipation, pledge, encumbrance, assignment or any other means whether such disposition is voluntary or involuntary or by operation of law by judgment, levy, attachment, garnishment or any other legal or equitable proceedings (including bankruptcy), and any attempted disposition thereof shall be null and void and of no effect; provided, however, that this Section 5.3 shall not prevent transfers by will or by the applicable laws of descent and distribution.

Section 5.4 - Notices. Any notice to be given under the terms of this Agreement to the Company shall be addressed to the Company in care of its Secretary, and any notice to be given to the Grantee shall be addressed to him or her at the address set forth in the records of the Company. By a notice given pursuant to this Section 5.4, either party may hereafter designate a different address for notices to be given to him, her or it. Any notice which is required to be given to the Grantee shall, if the Grantee is then deceased, be given to the Grantee's personal representative if such representative has previously informed the Company of his, her or its status and address by written notice under this Section 5.4. Any notice shall be deemed duly given when enclosed in a properly sealed envelope or wrapper addressed as aforesaid, deposited (with postage prepaid) in a post office or branch post office regularly maintained by the United States Postal Service. Notwithstanding the foregoing, any notice required or permitted hereunder from the Company to the Grantee may be made by electronic means, including by electronic mail to the Company-maintained electronic mailbox of the Grantee, and the Grantee hereby consents to receive such notice by electronic delivery. To the extent permitted in an electronically delivered notice described in the previous sentence, the Grantee shall be permitted to respond to such notice or communication by way of a responsive electronic communication, including by electronic mail.

Section 5.5 - Titles. Titles are provided herein for convenience only and are not to serve as a basis for interpretation or construction of this Agreement.

Section 5.6 - Pronouns. The masculine pronoun shall include the feminine and neuter, and the singular the plural, where the context so indicates.

Section 5.7 - Applicability of Plan. The Deferred Stock Units and the shares of Common Stock issued to the Grantee hereunder, if any, shall be subject to all of the terms and provisions of the Plan, to the extent applicable to the Deferred Stock Units and such shares. In the event of any conflict between this Agreement and the Plan, the terms of the Plan shall control.

Section 5.8 - Amendment.

(a) Except as permitted by the Plan, this Agreement may be amended only be a writing executed by the parties hereto that specifically states that it is amending this Agreement.

(b) If either party to this Agreement reasonably determines that any amount payable pursuant to this Agreement would result in adverse tax consequences under Section 409A, then such party shall deliver written notice of such determination to the other party, and the parties hereby agree to work in good faith to amend this Agreement so it complies with the requirements of Section 409A and preserves as nearly as possible the original intent and economic effect of the affected provisions.

(c) To the extent applicable, this Agreement is intended to comply with Section 409A so that the income inclusion provisions of Section 409A(a)(1) of the Code do not apply to Grantee, and this Agreement shall be construed, interpreted and administered in a manner that is consistent with this intent and the requirements for avoiding additional taxes or penalties under Section 409A. Notwithstanding the foregoing, in no event shall the Company be liable for all or any portion of any taxes, penalties, interest or other expenses that may be incurred by the Grantee on account of Section 409A.

(d) Except as permitted under Section 409A of the Code, any deferred compensation (within the meaning of Section 409A of the Code) payable to a Grantee or for the Grantee's benefit under this Agreement and grants hereunder may not be reduced by, or offset against, any amount owing by the Grantee to the Company or any of its Subsidiaries.

(e) Notwithstanding any provision of this Agreement to the contrary, in light of the uncertainty with respect to the proper application of Section 409A of the Code, the Company reserves the right to make amendments to this Agreement and the terms of the Deferred Stock Units as the Company deems necessary or desirable to avoid the imposition of taxes or penalties under Section 409A of the Code. In any case, neither the Company nor any of its affiliates will have any obligation to indemnify or otherwise hold the Grantee harmless from any or all of such taxes or penalties.

Section 5.9 - Dispute Resolution. Any dispute or controversy arising under or in connection with this Agreement shall be resolved by arbitration in St. Louis, Missouri. Arbitrators shall be selected, and arbitration shall be conducted, in accordance with the rules of the American Arbitration Association. The Company shall pay or reimburse any legal fees in connection with such arbitration in the event that the Grantee prevails on a material element of his or her claim or defense. Payments or reimbursements of legal fees made under this Section 5.9 that are provided during one calendar year shall not affect the amount of

such payments or reimbursements provided during a subsequent calendar year, payments or reimbursements under this Section 5.9 may not be exchanged or substituted for another form of compensation to the Grantee, and any such reimbursement or payment will be paid within 60 days after the Grantee prevails, but in no event later than the last day of the Grantee's taxable year following the taxable year in which he incurred the expense giving rise to such reimbursement or payment. This Section 5.9 shall remain in effect throughout the period in which Grantee provide services to the Company and for a period of five years following the Grantee's Separation from Service.

Section 5.10 - Governing Law. The laws of the State of Delaware shall govern the interpretation, validity and performance of the terms of this Agreement regardless of the law that might be applied under principles of conflicts of laws.

[SIGNATURE PAGE FOLLOWS]

IN WITNESS WHEREOF, this Agreement has been executed and delivered by the parties hereto.

GRANTEE

_____

[ ]

_____

_____

Address

Guarantee's Taxpayer Identification Number:

_____-_____-_____

PEABODY ENERGY CORPORATION

_____

By:

Its:

Aggregate number of Deferred Stock Units granted hereunder: _____

RESTRICTIVE COVENANT AGREEMENT

This **RESTRICTIVE COVENANT AGREEMENT** (the "Agreement") dated [ ], is by and between PEABODY ENERGY CORPORATION, a Delaware corporation (the "Company"), and [ ] ("Grantee").

WHEREAS, the Grantee is a recipient of a [ ] award under the Company's Peabody Energy Corporation 2015 Long-Term Incentive Plan, as amended from time to time (the "Plan", and such award, the "Incentive Award") and/or a [ ] cash award opportunity from the Company (the "Cash Award");

WHEREAS, the Company deems it essential to the protection of its confidential information and competitive standing in its market to have recipients of Incentive Awards and/or Cash Awards subject to reasonable restrictive covenants;

WHEREAS, Grantee agrees and acknowledges that the Company has a legitimate interest to protect its confidential information and competitive standing; and

NOW THEREFORE, in consideration for the provisions stated below, and intending to be legally bonded thereby, the parties agree as follows.

1. Grantee has been informed and is aware that the execution of this Agreement is a necessary term and condition of the Grantee's receipt of the Incentive Award and/or the Cash Award.

2. While employed by the Company and at all times thereafter, Grantee will not, directly or indirectly, use for himself or herself or use for, or disclose to, any party other than the Company, or any subsidiary of the Company (other than in the ordinary course of Grantee's duties for the benefit of the Company or any subsidiary of the Company), any secret or confidential information regarding the business or property of the Company or its subsidiaries or regarding any secret or confidential apparatus, process, system, or other method at any time used, developed, acquired, discovered or investigated by or for the Company or its subsidiaries, whether or not developed, acquired, discovered or investigated by Grantee. At the termination of Grantee's employment or at any other reasonable time the Company or any of its subsidiaries may request, Grantee shall promptly deliver to the Company all memoranda, notes, records, plats, sketches, plans or other documents (including, without limitation, any "soft" copies or computerized or electronic versions thereof) made by, compiled by, delivered to, or otherwise acquired by Grantee concerning the business or properties of the Company or its subsidiaries or any secret or confidential product, apparatus or process used developed, acquired or investigated by the Company or its subsidiaries.

3. In consideration of the Company's obligations under the Incentive Award and/or the Cash Award, Grantee agrees that while employed by the Company and for a period of **[three months/six months/one year]** thereafter, without the prior written consent of the Board of Directors of the Company (the "Board"), he or she shall not, directly or indirectly, as principal, manager, agent, consultant, officer, director, stockholder, partner, investor, lender or employee or in any other capacity, carry on, be engaged in or have any financial interest in, any entity which is in competition with the business of the Company or its subsidiaries.

4. In consideration of the Company's obligations under the Incentive Award and/or the Cash Award, Grantee agrees that while employed by the Company and for a period of **[six months/one year]** thereafter, without the prior written consent of the Board, he or she shall not, on his or her own behalf or on behalf of any person, firm or company, directly or indirectly, (a) solicit or offer employment to or hire any person who is or has been employed by the Company or its subsidiaries at any time during the 12 months

immediately preceding such solicitation or (b) solicit or entice away or in any manner attempt to persuade any client, vendor, partner, customer or prospective customer of the Company to discontinue or diminish his, her or its relationship or prospective relationship with the Company or to otherwise provide his, her or its business to any corporation, partnership or other business entity which engages in any line of business in which the Company is engaged (other than the Company).

5. For purposes of this Agreement, an entity shall be deemed to be in competition with the Company if it enters into or engages in any business or activity that substantially and directly competes with the business of the Company. For purposes of this paragraph 5, the business of the Company is defined to be: active metallurgical and thermal coal mining, preparation and sale; the marketing, brokering and trading of metallurgical and thermal coal; and the optimization of our metallurgical and thermal coal reserves; in each case by the Company and its direct and indirect subsidiaries or affiliated or related companies. Notwithstanding this paragraph 5 or paragraph 7, nothing herein shall be construed so as to preclude Grantee from investing in any publicly or privately held company, provided that no such investment in the equity securities of an entity with publicly traded equity securities may exceed one percent (1%) of the equity of such entity, and no such investment in any other entity may exceed five percent (5%) of the equity of such entity, without the prior written approval of the Board.

6. Upon the termination of Grantee's employment for any reason, Grantee or his or her estate shall surrender to the Company all correspondence, letters, files, contracts, mailing lists, customer lists, advertising materials, ledgers, supplies, equipment, checks, and all other materials and records of any kind that are the property of the Company or any of its subsidiaries or affiliates, that may be in Grantee's possession or under his or her control, including, without limitation, any "soft" copies or computerized or electronic versions thereof.

7. Grantee agrees that the covenant not to compete and the covenant not to solicit are reasonable under the circumstances and will not interfere with his or her ability to earn a living or otherwise to meet his or her financial obligations. Grantee and the Company agree that if in the opinion of any court of competent jurisdiction such restraint is not reasonable in any respect, such court shall have the right, power and authority to excise or modify such provision or provisions of this covenant which appear unreasonable and to enforce the remainder of the covenant as so amended. Grantee agrees that any breach of the covenants contained in this Agreement would irreparably injure the Company. Accordingly, Grantee agrees that, in the event that a court enjoins Grantee from any activity prohibited by this Agreement, the Company may, in addition to pursuing any other remedies it may have in law or in equity, cease making any payments otherwise required under the agreements evidencing the Incentive Award and/or the Cash Award, cancel and recoup any portion of the Incentive Award and/or Cash Award already paid to the extent required by law, regulation or listing requirement, or by any Company policy adopted pursuant thereto, and obtain an injunction against Grantee from any court having jurisdiction over the matter restraining any further violation of this Agreement by Grantee.

8. This Agreement shall terminate without further action of the Company or Grantee if, prior to Grantee's Termination of Service (as defined in the Cash Award Agreement), Grantee's Incentive Award, Cash Award and any other consideration for this Agreement have been paid in full. For the avoidance of doubt, this Agreement shall remain in full force and effect in accordance with its terms if any portion of Grantee's Incentive Award, Cash Award or other consideration for this Agreement remains unpaid as of the Grantee's Termination of Service (as defined in the Cash Award Agreement).

9. No waiver or modification of all or any part of this Agreement will be effective unless set forth in a written document signed by both the Company and Grantee expressly indicating their intention to

waive or modify the specified provisions of this Agreement. If the Company chooses not to enforce its rights in the event Grantee breaches some or all of the terms of this Agreement, the Company's rights with respect to any such breach shall not be considered a waiver of a future breach by Grantee of this Agreement, regardless of whether the breach is of a similar nature or not.

10. This Agreement accurately sets forth and entirely sets forth the understandings reached between Grantee and the Company with respect to the matters treated herein. If there are any prior written or oral understandings or agreements pertaining to the subject matter addressed in this Agreement, they are specifically superseded by this Agreement and have no effect. This Agreement is binding on Grantee and the Company, and their respective successors, assigns and representatives.

11. This Agreement shall be construed, interpreted and governed in accordance with the laws of the State of Missouri, without reference to rules relating to conflicts of law.

IN WITNESS WHEREOF, this Agreement has been executed and delivered by the parties hereto.

GRANTEE	**PEABODY ENERGY CORPORATION**
[ ]	By: Its:

Non-US Employees

RESTRICTIVE COVENANT AGREEMENT

This **RESTRICTIVE COVENANT AGREEMENT** (the "Agreement") dated [ ], is by and between PEABODY ENERGY CORPORATION, a Delaware corporation (the "Company"), and [ ] ("Grantee").

WHEREAS, Grantee has been offered employment with the Company pursuant to an employment agreement (the "Employment Agreement");

WHEREAS, Grantee is a recipient of a [ ] award under the Company's Peabody Energy Corporation 2015 Long-Term Incentive Plan, as amended from time to time (the "Plan", and such award, the "Incentive Award") and/or a [ ] cash award opportunity from the Company (the "Cash Award");

WHEREAS, the Company deems it essential to the protection of its confidential information and competitive standing in its market to have senior employees such as Grantee who are recipients of Incentive Awards and/or Cash Awards subject to reasonable restrictive covenants;

WHEREAS, Grantee agrees and acknowledges that the Company has a legitimate interest to protect its confidential information and competitive standing; and

NOW THEREFORE, in consideration for the provisions stated below, and intending to be legally bonded thereby, the parties agree as follows.

1. Grantee has been informed and is aware that the execution of this Agreement is a necessary term and condition of the Grantee's Employment Agreement and the receipt of the Incentive Award and/or the Cash Award.

2. While employed by the Company and at all times thereafter, Grantee will not, directly or indirectly, use for himself or herself or use for, or disclose to, any party other than the Company, or any subsidiary of the Company (other than in the ordinary course of Grantee's duties for the benefit of the Company or any subsidiary of the Company), any secret or confidential information regarding the business or property of the Company or its subsidiaries or regarding any secret or confidential apparatus, process, system, or other method at any time used, developed, acquired, discovered or investigated by or for the Company or its subsidiaries, whether or not developed, acquired, discovered or investigated by Grantee. At the termination of Grantee's employment or at any other reasonable time the Company or any of its subsidiaries may request, Grantee shall promptly deliver to the Company all memoranda, notes, records, plats, sketches, plans or other documents (including, without limitation, any "soft" copies or computerized or electronic versions thereof) made by, compiled by, delivered to, or otherwise acquired by Grantee concerning the business or properties of the Company or its subsidiaries or any secret or confidential product, apparatus or process used developed, acquired or investigated by the Company or its subsidiaries.

3. In consideration of the Company's obligations under the Employment Agreement, Incentive Award and/or the Cash Award, Grantee agrees that while employed by the Company and for the Non-Compete Period thereafter, without the prior written consent of the Board of In consideration of the Company's obligations under the Employment Agreement, Incentive Award and/or the Cash Award, Grantee agrees that while employed by the Company and for the Non-Compete Period thereafter, without the prior written consent of the Board of Directors of the Company (the "Board"), he or she shall not, directly or indirectly, as principal, manager, agent, consultant, officer, director, stockholder, partner, investor, lender or employee or in any other

capacity, carry on, be engaged in or have any financial interest in, any entity which is in competition with the business of the Company or its subsidiaries within the Restraint Area.

4. In consideration of the Company's obligations under the Employment Agreement, Incentive Award and/or the Cash Award, Grantee agrees that while employed by the Company and for the Non-Solicit Period thereafter, without the prior written consent of the Board, he or she shall not, on his or her own behalf or on behalf of any person, firm or company, directly or indirectly, (a) solicit or offer employment to or hire any person who is employed by the Company and who Grantee had contact with in the 12 months which preceded the termination of Grantee's employment with the Company or (b) solicit or entice away or in any manner attempt to persuade any client, vendor, partner, customer or prospective customer of the Company who Grantee had contact with in the 12 months which preceded the termination of Grantee's employment with the Company to discontinue or diminish his, her or its relationship or prospective relationship with the Company or to otherwise provide his, her or its business to any corporation, partnership or other business entity which engages in any line of business in which the Company is engaged (other than the Company).

5. For purposes of this Agreement, an entity shall be deemed to be in competition with the Company if it enters into or engages in any business or activity that substantially and directly competes with the business of the Company. For purposes of this paragraph 5, the business of the Company is defined to be: active metallurgical and thermal coal mining, preparation and sale; the marketing, brokering and trading of metallurgical and thermal coal; and the optimization of our metallurgical and thermal coal reserves; in each case by the Company and its direct and indirect subsidiaries or affiliated or related companies. Notwithstanding this paragraph 5 or paragraph 7, nothing herein shall be construed so as to preclude Grantee from investing in any publicly or privately held company, provided that no such investment in the equity securities of an entity with publicly traded equity securities may exceed one percent (1%) of the equity of such entity, and no such investment in any other entity may exceed five percent (5%) of the equity of such entity, without the prior written approval of the Board.

6. Upon the termination of Grantee's employment for any reason, Grantee or his or her estate shall surrender to the Company all correspondence, letters, files, contracts, mailing lists, customer lists, advertising materials, ledgers, supplies, equipment, checks, and all other materials and records of any kind that are the property of the Company or any of its subsidiaries or affiliates, that may be in Grantee's possession or under his or her control, including, without limitation, any "soft" copies or computerized or electronic versions thereof.

7. Grantee agrees that the covenant not to compete and the covenant not to solicit are reasonable under the circumstances and will not interfere with his or her ability to earn a living or otherwise to meet his or her financial obligations. Grantee and the Company agree that if in the opinion of any court of competent jurisdiction such restraint is not reasonable in any respect, such court shall have the right, power and authority to excise or modify such provision or provisions of this covenant which appear unreasonable and to enforce the remainder of the covenant as so amended. Grantee agrees that any breach of the covenants contained in this Agreement would irreparably injure the Company. Accordingly, Grantee agrees that, in the event that a court enjoins Grantee from any activity prohibited by this Agreement, the Company may, in addition to pursuing any other remedies it may have in law or in equity, cease making any payments otherwise required under the agreements evidencing the Incentive Award and/or the Cash Award, cancel and recoup any portion of the Incentive Award and/or Cash Award already paid to the extent required by law, regulation or listing requirement, or by any Company policy adopted pursuant thereto, and obtain an injunction against Grantee from any court having jurisdiction over the matter restraining any further violation of this Agreement by Grantee.

8. Within this Agreement, "Non-Compete Period" means:
   a. **[12 months, but if that is unenforceable;**
   b. **9 months, but if that is unenforceable;**
   c. **6 months, but if that is unenforceable;]**
   d. 3 months, but if that is unenforceable;
   e. 1 month.

9. Within this Agreement, "Non-Solicit Period" means:
   a. [12 months, but if that is unenforceable;
   b. 9 months, but if that is unenforceable;
   c. 6 months, but if that is unenforceable;]
   d. 3 months, but if that is unenforceable;
   e. 1 month.

10. Within this Agreement, "Restraint Area" means:
   a. The world, but if that is unenforceable;
   b. Australia, the United States of America and other countries in which the Company has operations, but if that is unenforceable;
   c. Australia and the United States of America, but if that is unenforceable;
   d. Australia.

11. This Agreement shall terminate without further action of the Company or Grantee if, prior to Grantee's Termination of Service (as defined in the Cash Award Agreement), Grantee's Incentive Award, Cash Award and any other consideration for this Agreement have been paid in full. For the avoidance of doubt, this Agreement shall remain in full force and effect in accordance with its terms if any portion of Grantee's Incentive Award, Cash Award or other consideration for this Agreement remains unpaid as of the Grantee's Termination of Service (as defined in the Cash Award Agreement).

12. No waiver or modification of all or any part of this Agreement will be effective unless set forth in a written document signed by both the Company and Grantee expressly indicating their intention to waive or modify the specified provisions of this Agreement. If the Company chooses not to enforce its rights in the event Grantee breaches some or all of the terms of this Agreement, the Company's rights with respect to any such breach shall not be considered a waiver of a future breach by Grantee of this Agreement, regardless of whether the breach is of a similar nature or not.

13. This Agreement accurately sets forth and entirely sets forth the understandings reached between Grantee and the Company with respect to the matters treated herein. If there are any prior written or oral understandings or agreements pertaining to the subject matter addressed in this Agreement, they are specifically superseded by this Agreement and have no effect. This Agreement is binding on Grantee and the Company, and their respective successors, assigns and representatives.

14. This Agreement shall be construed, interpreted and governed in accordance with the laws of New South Wales, Australia, without reference to rules relating to conflicts of law.

IN WITNESS WHEREOF, this Agreement has been executed and delivered by the parties hereto.

GRANTEE	**PEABODY ENERGY CORPORATION**
[ ]	By: Its:

Exhibit 21

PEABODY ENERGY CORPORATION
LIST OF SUBSIDIARIES

Name of Subsidiary	State or Other Jurisdiction of Formation
9 East Shipping Limited	United Kingdom
9 East Shipping (Asia) Pte Ltd.	Singapore
American Land Development, LLC	Delaware
American Land Holdings of Colorado, LLC	Delaware
American Land Holdings of Illinois, LLC	Delaware
American Land Holdings of Indiana, LLC	Delaware
American Land Holdings of Kentucky, LLC	Delaware
American Land Holdings of New Mexico, LLC	Delaware
American Land Holdings of West Virginia, LLC	Delaware
Arid Operations, Inc.	Delaware
Big Ridge, Inc.	Illinois
Big Sky Coal Company	Delaware
Black Hills Mining Company, LLC	Illinois
BTU International BV	Holland
BTU Western Resources, Inc.	Delaware
Burton Coal Pty Ltd.	Queensland
Caballo Grande, LLC	Delaware
Carbones Del Guasare, S.A	Venezuela
Carbones Peabody de Venezuela S.A.	Venezuela
Cardinal Gasification Center, LLC	Illinois
Caseyville Dock Company, LLC	Delaware
Central States Coal Reserves of Illinois, LLC	Delaware
Central States Coal Reserves of Indiana, LLC	Delaware
Century Mineral Resources, Inc.	Illinois
Coal Reserve Holding LLC No. 1	Delaware
Coalsales II, LLC	Delaware
Colorado Yampa Coal Company, LLC	Delaware
Complejo Siderurgico Del Lago Cosila, SA	Venezuela
Conexcel 1 Pty Ltd.	N.S.W.
Conservancy Resources, LLC	Delaware
Cottonwood Land Company	Delaware
Cyprus Creek Land Company	Delaware
Cyprus Creek Land Resources LLC	Delaware
Dalrymple Bay Coal Terminal Pty Ltd	Queensland
Desarrollos Venshelf IV, CA	Venezuela
Dyson Creek Coal Company, LLC	Delaware
Dyson Creek Mining Company, LLC	Delaware
El Segundo Coal Company, LLC	Delaware
Elkland Holdings, LLC	Delaware
Empire Land Holdings, LLC	Delaware
Excel Equities International Pty Ltd.	Australia
Excelven Pty Ltd.	British Virgin Islands
Falcon Coal Company, LLC	Delaware
Four Star Holdings, LLC	Delaware
Francisco Equipment Company, LLC	Delaware
Francisco Land Holdings Company, LLC	Delaware
Francisco Mining, LLC	Delaware
Gallo Finance Company, LLC	Delaware
Global Center for Energy and Human Development, LLC	Delaware
Gold Fields Chile, LLC	Delaware
Gold Fields Mining, LLC	Delaware

Gold Fields Ortiz, LLC	Delaware
Gravi Mag LLC	Mongolia
Green Gen Company Limited	China
Guaniamo Mining Corporation	Venezuela
Half-Tide Marine Pty Ltd	Queensland
Hayden Gulch Terminal, LLC	Delaware
Helensburgh Coal Pty Ltd.	Australia
Highwall Mining Service Company	Delaware
Hillside Recreational Lands, LLC	Delaware
HMC Mining LLC	Delaware
Illinois Land Holdings, LLC	Illinois
Independence Material Handling, LLC	Delaware
Integrated Logistics Company Pty Ltd	Australia
Islands of Waterside, LLC	Delaware
James River Coal Terminal, LLC	Delaware
Juniper Coal Company, LLC	Delaware
Kayenta Mobile Home Park, Inc.	Delaware
Kentucky Syngas, LLC	Delaware
Kentucky United Coal LLC	Indiana
Lively Grove Energy Partners, LLC	Delaware
Lively Grove Energy, LLC	Delaware
Marigold Electricity, LLC	Delaware
Mega Uranium Ltd	Canada
Metropolitan Collieries Pty Ltd.	Australia
Midco Supply and Equipment Corporation	Illinois
Middlemount Coal Pty Ltd	Australia
Middlemount Mine Management Pty Ltd	Australia
Midwest Coal Acquisition Corp.	Delaware
Midwest Coal Reserves of Illinois, LLC	Delaware
Midwest Coal Reserves of Indiana, LLC	Delaware
Midwest Coal Reserves of Kentucky, LLC	Delaware
Millennium Coal Pty Ltd.	Australia
Moffat County Mining, LLC	Delaware
Monto Coal 2 Pty Ltd	Australia
Mount Thorley Coal Loading Ltd	Australia
MUC Resources LLC	Mongolia
Mustang Energy Company, LLC	Delaware
NCIG Holdings Pty Ltd	Australia
New Mexico Coal Resources, LLC	Delaware
Newcastle Coal Infrastructure Group Pty Ltd	Australia
Newcastle Coal Shippers Pty Ltd	N.S.W.
Newhall Funding Company (MBT)	Massachusetts
NM Equipment Company, LLC	Delaware
North Goonyella Coal Mines Pty Ltd.	Queensland
North Wambo Pty Ltd.	Australia
P&L Receivables Company LLC	Delaware
Pacific Export Resources, LLC	Delaware
Peabody (Bowen) Pty Ltd.	Queensland
Peabody (Burton Coal) Pty Ltd.	Queensland
Peabody (Kogan Creek) Pty Ltd.	Queensland
Peabody (Wilkie Creek) Pty Ltd.	South Australia
Peabody Acquisition Co. No. 2 Pty Ltd.	Australia
Peabody Acquisition Co. No. 5 Pty Ltd	Australia
Peabody Acquisition Cooperative U.A.	Netherlands
Peabody AMBV2 B.V.	Netherlands
Peabody America, LLC	Delaware
Peabody Archveyor, LLC	Delaware
Peabody Arclar Mining, LLC	Indiana

Peabody Asset Holdings, LLC	Delaware
Peabody Australia Holdco Pty Ltd.	Australia
Peabody Australia Intermediate Pty Ltd	Australia
Peabody Australia Mining Pty Ltd.	N.S.W.
Peabody BB Interests Pty Ltd	Australia
Peabody Bear Run Mining, LLC	Delaware
Peabody Bear Run Services, LLC	Delaware
Peabody Bistrotel Pty Ltd	Australia
Peabody Budjero Holdings Pty Ltd	Australia
Peabody Budjero Pty Ltd	Australia
Peabody Caballo Mining, LLC	Delaware
Peabody Capricorn Pty Ltd	Australia
Peabody Cardinal Gasification, LLC	Delaware
Peabody China, LLC	Delaware
Peabody CHPP Pty Ltd	Australia
Peabody Coal Venezuela Ltd.	Bermuda
Peabody Coalsales Australia Pty Ltd.	Australia
Peabody Coalsales, LLC	Delaware
Peabody Coaltrade Asia Private Ltd.	Singapore
Peabody Coaltrade Australia Pty Ltd.	N.S.W.
Peabody Coaltrade GmbH	Germany
Peabody Coaltrade India Private Ltd	India
Peabody Coaltrade International (CTI), LLC	Delaware
Peabody Coaltrade International Limited	England
Peabody Coaltrade, LLC	Delaware
Peabody Coaltrade Pacific Pty Ltd	Australia
Peabody Colorado Operations, LLC	Delaware
Peabody Colorado Services, LLC	Delaware
Peabody Coppabella Coal Pty Ltd	Australia
Peabody Coulterville Mining, LLC	Delaware
Peabody Custom Mining Ltd	Australia
Peabody Development Company, LLC	Delaware
Peabody Electricity, LLC	Delaware
Peabody Employment Services, LLC	Delaware
Peabody Energy (Botswana) (Proprietary) Limited	Botswana
Peabody Energy (Gibraltar) Limited	Gibraltar
Peabody Energy Australia Coal Pty Ltd.	N.S.W.
Peabody Energy Australia PCI (C&M Equipment) Pty Ltd	Australia
Peabody Energy Australia PCI (C&M Management) Pty Ltd	Australia
Peabody Energy Australia PCI Berrigurra Pty Ltd	Australia
Peabody Energy Australia PCI Equipment Pty Ltd	Australia
Peabody Energy Australia PCI Exporation Pty Ltd	Australia
Peabody Energy Australia PCI Financing Pty Ltd	Australia
Peabody Energy Australia PCI Management Pty Ltd	Australia
Peabody Energy Australia PCI Mine Management Pty Ltd	Australia
Peabody Energy Australia PCI Pty Ltd	Australia
Peabody Energy Australia PCI Rush Pty Ltd	Australia
Peabody Energy Australia Pty Ltd	N.S.W.
Peabody Energy Corporation	Delaware
Peabody Energy Finance Pty Ltd.	Australia
Peabody Energy Generation Holding Company	Delaware
Peabody Energy Investments, Inc.	Delaware
Peabody Energy Solutions, Inc.	Delaware
Peabody Gateway North Mining, LLC	Delaware
Peabody Gateway Services, LLC	Delaware
Peabody Global Services Pte Ltd.	Singapore
Peabody Gobi LLC	Mongolia
Peabody Holding Company, LLC	Delaware

Peabody Holdings (Gibraltar) Limited	Gibraltar
Peabody Holland BV	Netherlands
Peabody IC Funding Corp.	Delaware
Peabody IC Holdings, LLC	Delaware
Peabody Illinois Services, LLC	Delaware
Peabody Indiana Services, LLC	Delaware
Peabody International (Gibraltar) Limited	Gibraltar
Peabody International Investments, Inc.	Delaware
Peabody International Services, Inc.	Delaware
Peabody Investment & Development Business Services Beijing Co., Ltd.	China
Peabody Investments (Gibraltar) Limited	Gibraltar
Peabody Investments Corp.	Delaware
Peabody Investments Pte Ltd	Singapore
Peabody Magnolia Grove Holdings, LLC	Delaware
Peabody MCC (Gibraltar) Limited	Gibraltar
Peabody MCC Holdco Pty Ltd.	Australia
Peabody Midwest Management Services, LLC	Delaware
Peabody Midwest Mining, LLC	Delaware
Peabody Midwest Operations, LLC	Delaware
Peabody Midwest Services, LLC	Delaware
Peabody Mining (Gibraltar) Limited	Gibraltar
Peabody Mongolia, LLC	Delaware
Peabody Monto Coal Pty Ltd	Australia
Peabody Moorvale Pty Ltd.	Australia
Peabody Moorvale West Pty Ltd	Australia
Peabody Mozambique, Limitada	Mozambique
Peabody Natural Gas, LLC	Delaware
Peabody Natural Resources Company	Delaware
Peabody Netherlands Holding B.V.	Netherlands
Peabody New Mexico Services, LLC	Delaware
Peabody Olive Downs Pty Ltd	Australia
Peabody Operations Holding, LLC	Delaware
Peabody Pastoral Holdings Pty Ltd.	Australia
Peabody Powder River Mining, LLC	Delaware
Peabody Powder River Operations, LLC	Delaware
Peabody Powder River Services, LLC	Delaware
Peabody PowerTree Investments LLC	Delaware
Peabody Recreational Lands LLC	Delaware
Peabody Rocky Mountain Management Services, LLC	Delaware
Peabody Rocky Mountain Services, LLC	Delaware
Peabody Sage Creek Mining, LLC	Delaware
Peabody School Creek Mining, LLC	Delaware
Peabody Services Holding, LLC	Delaware
Peabody Southwest, LLC	Delaware
Peabody Southwestern Coal Company, LLC	Delaware
Peabody Terminal Holding Company, LLC	Delaware
Peabody Terminals, LLC	Delaware
Peabody Trout Creek Reservoir LLC	Delaware
Peabody Twentymile Mining, LLC	Delaware
Peabody Venezuela Coal Corporation	Delaware
Peabody Venture Fund, LLC	Delaware
Peabody West Burton Pty Ltd	Australia
Peabody West Rolleston Pty Ltd	Australia
Peabody West Walker Pty Ltd	Australia
Peabody Western Coal Company	Delaware
Peabody Wild Boar Mining, LLC	Delaware
Peabody Wild Boar Services, LLC	Delaware
Peabody Williams Fork Mining, LLC	Delaware

Peabody Wyoming Gas, LLC	Delaware
Peabody Wyoming Services, LLC	Delaware
Peabody-Waterside Development LLC	Delaware
Peabody-Winsway Resources BV	Netherlands
Peabody-Winsway Resources LLC	Mongolia
PEAMCoal Holdings Pty Ltd.	Australia
PEAMCoal Pty Ltd.	Australia
PEC Equipment Company, LLC	Delaware
PG Investments Six LLC	Delaware
Point Pleasant Dock Company LLC	Delaware
Pond River Land Company	Delaware
Porcupine Production LLC	Delaware
Porcupine Transportation LLC	Delaware
Port Kembia Coal Terminal Ltd	N.S.W
PT Peabody Consulting Indonesia	Indonesia
PT Peabody Mining Services	Indonesia
Red Mountain Infrastructure Pty Ltd.	Australia
Red Mountain JV (re CHPP)	Australia
Ribfield Pty Ltd	Australia
Riverview Terminal Company	Delaware
Sage Creek Holdings, LLC	Delaware
Sage Creek Land & Resreves, LLC	Delaware
School Creek Coal Resources, LLC	Delaware
Seneca Coal Company, LLC	Delaware
Seneca Property, LLC	Delaware
Shoshone Coal Corporation	Delaware
Southwest Coal Holdings, LLC	Delaware
Star Lake Energy Company LLC	Delaware
Sterling Centennial Missouri Insurance Corporation	Missouri
Sugar Camp Properties, LLC	Delaware
Thoroughbred Generating Company LLC	Delaware
Thoroughbred Mining Company LLC	Delaware
Transportes Coal Sea de Venezuela, CA	Venezuela
Twentymile Coal LLC	Delaware
Twentymile Equipment Company, LLC	Delaware
Twentymile Holdings, LLC	Delaware
United Minerals Company LLC	Indiana
Wambo Coal Pty Ltd.	Australia
Wambo Coal Terminal Pty Ltd.	Australia
Wambo Open Cut Pty Ltd.	Australia
West Roundup Resources, LLC	Delaware
WICET Holdings Pty Ltd	Australia
Wild Boar Equipment Company, LLC	Delaware
Wild Boar Land Holdings Company, LLC	Delaware
Wilpinjong Coal Pty Ltd.	Australia

Exhibit 23.1

Consent of Independent Registered Public Accounting Firm

We consent to the incorporation by reference in the following Registration Statements:

1. Registration Statement (Form S-8 No. 333-61406) pertaining to the Peabody Energy Corporation Employee Stock Purchase Plan (as amended), Long-Term Equity Incentive Plan, and Equity Incentive Plan for Nonemployee Directors,

2. Registration Statement (Form S-8 No. 333-70910) pertaining to the Peabody Holding Company, Inc., Employee Retirement Account, Lee Ranch Coal Company Retirement and Savings Plan for Salaried Employees, Lee Ranch Coal Company Retirement and Savings Plan for Hourly Employees, and Western Surface Agreement - UMWA 401(k) Plan,

3. Registration Statement (Form S-8 No. 333-75058) pertaining to the Peabody Energy Corporation Deferred Compensation Plan,

4. Registration Statement (Form S-8 No. 333-105455) pertaining to the 1998 Stock Purchase and Option Plan for Key Employees of Peabody Energy Corporation,

5. Registration Statement (Form S-8 No. 333-105456) pertaining to the 1998 Stock Purchase and Option Plan for Key Employees of Peabody Energy Corporation,

6. Registration Statement (Form S-8 No. 333-109305) pertaining to the Black Beauty Coal Company 401(k) Plan,

7. Registration Statement (Form S-8 No. 333-117767) pertaining to the Peabody Energy Corporation 2004 Long-Term Equity Incentive Plan,

8. Registration Statement (Form S-8 No. 333-136443) pertaining to the Big Ridge, Inc. 401(k) Profit Sharing Plan and Trust,

9. Registration Statement (Form S-8 No. 333-140218) pertaining to the Peabody Investments Corporation Employee Retirement Account and the Peabody Western - UMWA 401(k) Plan,

10. Registration Statement (Form S-8 No. 333-147507) pertaining to the Peabody Energy Corporation Australian Employee Stock Purchase Plan,

11. Registration Statement (Form S-8 No. 333-176129) pertaining to the Peabody Energy Corporation 2011 Long-Term Equity Incentive Plan, and

12. Registration Statement (Form S-3 No. 333-184520) of Peabody Energy Corporation;

of our reports dated March 15, 2016, with respect to the consolidated financial statements (which contains an explanatory paragraph describing conditions that raise substantial doubt about the Company's ability to continue as a going concern as described in Note 1 to the consolidated financial statements) and schedule of Peabody Energy Corporation and the effectiveness of internal control over financial reporting of Peabody Energy Corporation included in this Annual Report (Form 10-K) of Peabody Energy Corporation for the year ended December 31, 2015.

/s/ Ernst & Young LLP

St. Louis, Missouri
March 15, 2016

Exhibit 23.2

29th January 2016

To whom it may concern

Re: Consent of Independent Experts

Palaris recently completed a technical audit for Peabody Energy Corporation (the Company) of the reserves statements of the Company's assets located in the State of New South Wales, Australia. This audit results are documented in a report (the Report) dated January, 2016 and addressed to the Company.

Palaris hereby provide consent to the use by the Company of the information contained the Report, in connection with its Annual Report on Form 10-K for the year ended December, 31st, 2015 (the Form 10-K, and any amendments thereto, and to the incorporation by reference in the Company's Registration Statements on Form S-3 (No. 333-184520) and Form S-8 (No. 333-61406, No. 333-70910, No. 333-75058, No. 333-105455, No. 333-105456, No. 333-109305, No. 333-117767, No. 333-136443, No. 333-140218, No. 333-147507 and No. 333-176129). The results of the Report are reflected in the Company's Form 10-K. We also consent to the reference to Palaris Australia Pty Ltd in those filings and any amendments thereto.

Yours faithfully

/s/ John Pala

John Pala
Managing Director

Exhibit 31.1

CERTIFICATION

I, Glenn L. Kellow, certify that:

1. I have reviewed this annual report on Form 10-K of Peabody Energy Corporation ("the registrant");

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

   (a) designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

   (b) designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

   (c) evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

   (d) disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

   (a) all significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

   (b) any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: March 15, 2016

/s/ Glenn L. Kellow

Glenn L. Kellow
President and Chief Executive Officer

Exhibit 31.2

CERTIFICATION

I, Amy B. Schwetz, certify that:

1. I have reviewed this annual report on Form 10-K of Peabody Energy Corporation ("the registrant");

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

   (a) designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

   (b) designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

   (c) evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

   (d) disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

   (a) all significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

   (b) any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: March 15, 2016

/s/ Amy B. Schwetz

Amy B. Schwetz

Executive Vice President and Chief Financial Officer

Exhibit 32.1

CERTIFICATION PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002
(18 U.S.C. SECTION 1350)

I, Glenn L. Kellow, President and Chief Executive Officer of Peabody Energy Corporation, certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that:

(1) the Annual Report on Form 10-K for the annual period ended December 31, 2015 (the "Periodic Report") which this statement accompanies fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934, as amended; and

(2) information contained in the Periodic Report fairly presents, in all material respects, the financial condition and results of operations of Peabody Energy Corporation.

Dated: March 15, 2016

/s/ Glenn L. Kellow

Glenn L. Kellow
President and Chief Executive Officer

Exhibit 32.2

CERTIFICATION PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002
(18 U.S.C. SECTION 1350)

I, Amy B. Schwetz, Executive Vice President and Chief Financial Officer of Peabody Energy Corporation, certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that:

(1) the Annual Report on Form 10-K for the annual period ended December 31, 2015 (the "Periodic Report") which this statement accompanies fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934, as amended; and

(2) information contained in the Periodic Report fairly presents, in all material respects, the financial condition and results of operations of Peabody Energy Corporation.

Dated: March 15, 2016

/s/ Amy B. Schwetz

Amy B. Schwetz
Executive Vice President and Chief Financial Officer

Exhibit 95

Mine Safety Disclosures

The following disclosures are provided pursuant to Securities and Exchange Commission (SEC) regulations, which require certain disclosures by companies required to file periodic reports under the Securities Exchange Act of 1934, as amended, that operate coal mines regulated under the Federal Mine Safety and Health Act of 1977 (the Mine Act). The disclosures reflect United States (U.S.) mining operations only, as these requirements do not apply to our mines operated outside the U.S.

Mine Safety Information. Whenever the Mine Safety and Health Administration (MSHA) believes that a violation of the Mine Act, any health or safety standard, or any regulation has occurred, it may issue a violation which describes the associated condition or practice and designates a timeframe within which the operator must abate the violation. In some situations, such as when MSHA believes that conditions pose a hazard to miners, MSHA may issue an order removing miners from the area of the mine affected by the condition until hazards are corrected. Whenever MSHA issues a citation or order, it generally proposes a civil penalty, or fine, as a result of the violation that the operator is ordered to pay. Citations and orders can be contested and appealed and, as part of that process, are often reduced in severity and amount, and are sometimes vacated. The number of citations, orders and proposed assessments vary depending on the size and type (underground or surface) of the company and mine. Since MSHA is a branch of the U.S. Department of Labor, its jurisdiction applies only to our U.S. mines. As such, the mine safety disclosures that follow contain no information for our Australian mines.

The table that follows reflects citations and orders issued to us by MSHA during the year ended December 31, 2015, as reflected in our systems. The table includes only those mines that were issued orders or citations during the period presented and, commensurate with SEC regulations, does not reflect orders or citations issued to independent contractors working at our mines. Due to timing and other factors, our data may not agree with the mine data retrieval system maintained by MSHA. The proposed assessments for the year ended December 31, 2015 were taken from the MSHA system as of March 8, 2016.

Additional information follows about MSHA references used in the table is as follows:

- *Section 104 S&S Violations*: The total number of violations received from MSHA under section 104(a) of the Mine Act that could significantly and substantially contribute to a serious injury if left unabated.
- *Section 104(b)Orders*: The total number of orders issued by MSHA under section 104(b) of the Mine Act, which represents a failure to abate a citation under section 104(a) within the period of time prescribed by MSHA. This results in an order of immediate withdrawal from the area of the mine affected by the condition until MSHA determines that the violation has been abated.
- *Section 104(d) Citations and Orders*: The total number of citations and orders issued by MSHA under section 104(d) of the Mine Act for unwarrantable failure to comply with mandatory health or safety standards.
- *Section 104(e) Notices*: The total number of notices issued by MSHA under section 104(e) of the Mine Act for a pattern of violations that could contribute to mine health or safety hazards.
- *Section 110(b)(2)Violations*: The total number of flagrant violations issued by MSHA under section 110(b)(2) of the Mine Act.
- *Section 107(a) Orders*: The total number of orders issued by MSHA under section 107(a) of the Mine Act for situations in which MSHA determined an imminent danger existed.
- *Proposed MSHA Assessments*: The total dollar value of proposed assessments from MSHA.
- *Fatalities*: The total number of mining-related fatalities.

Year Ended December 31, 2015

Mine [1]	Section 104 S&S Violations	Section 104(b) Orders	Section 104(d) Citations and Orders	Section 104(e) Pattern of Violations	Section 110(b)(2) Violations	Section 107(a) Orders	($) Proposed MSHA Assessments	Fatalities
							(In thousands)	
Midwestern U.S. Mining								
Arclar Preparation Plant	1	—	—	—	—	—	$ 1.1	—
Bear Run	20	—	—	—	—	—	20.5	—
Francisco Preparation Plant (Francisco Mine)	2	—	—	—	—	—	0.3	—
Francisco Underground	124	—	9	—	—	—	433.7	—
Foidel Creek Mine	30	—	—	—	—	—	130.2	
Gateway	32	—	2	—	—	—	60.5	1[4]
Gateway Mine North	8	—	—	—	—	—	12.1	—
Gateway Preparation Plant	—	—	—	—	—	—	0.3	—
Somerville Central	6	—	—	—	—	—	4.2	—
Viking - Corning Pit [3]	—	—	—	—	—	—	0.2	—
Wild Boar	1	—	—	—	—	—	0.7	—
Wildcat Hills Cottage Grove Pit	4	—	—	—	—	—	3.3	
Wildcat Hills Underground	57	—	2	—	—	—	263.2	—
Powder River Basin Mining								
Caballo Mine	2	—	—	—	—	—	2.1	—
North Antelope Rochelle	16	—	—	—	—	—	26.4	—
Rawhide	1	—	—	—	—	—	1.5	—
Western U.S. Mining								
El Segundo	12	—	—	—	—	—	12.6	—
Kayenta	15	—	1	—	—	—	55.0	—
Lee Ranch	—	—	—	—	—	—	0.3	—
Sage Creek [2]	—	—	—	—	—	—	0.5	—

(1) The definition of "mine" under section 3 of the Mine Act includes the mine, as well as other items used in, or to be used in, or resulting from, the work of extracting coal, such as land, structures, facilities, equipment, machines, tools and coal preparation facilities. Also, there are instances where the mine name per the MSHA system differs from the mine name utilized by us. Where applicable, we have parenthetically listed the name of the mine per the MSHA system. Also, all mines are listed alphabetically within each of our U.S. mining segments.

(2) Mine had yet to commence production as of December 31, 2015.

(3) Mine ceased production and was closed in 2014 due to the exhaustion of coal reserves at the site.

(4) On May 31, 2015, an employee at our Gateway Mine in Illinois was fatally injured as a result of a personnel carrier incident. An internal investigation has been completed and additional safety measures are being implemented and findings communicated across our operations. MSHA issued its final report on its investigation on December 16, 2015.

Pending Legal Actions. The Federal Mine Safety and Health Review Commission (the Commission) is an independent adjudicative agency that provides administrative trial and appellate review of legal disputes arising under the Mine Act. These cases may involve, among other questions, challenges by operators to citations, orders and penalties they have received from MSHA, or complaints of discrimination by miners under section 105 of the Mine Act. The following is a brief description of the types of legal actions that may be brought before the Commission.

- *Contests of Citations and Orders*: A contest proceeding may be filed with the Commission by operators, miners or miners' representatives to challenge the issuance of a citation or order issued by MSHA, including citations related to disputed provisions of operators' emergency response plans.
- *Contests of Proposed Penalties (Petitions for Assessment of Penalties)*: A contest of a proposed penalty is an administrative proceeding before the Commission challenging a civil penalty that MSHA has proposed for the violation. Such proceedings may also involve appeals of judges' decisions or orders to the Commission on proposed penalties, including petitions for discretionary review and review by the Commission on its own motion.
- *Complaints for Compensation*: A complaint for compensation may be filed with the Commission by miners entitled to compensation when a mine is closed by certain withdrawal orders issued by MSHA. The purpose of the proceeding is to determine the amount of compensation, if any, due miners idled by the orders.
- *Complaints of Discharge, Discrimination or Interference*: A discrimination proceeding is a case that involves a miner's allegation that he or she has suffered a wrong by the operator because he or she engaged in some type of activity protected under the Mine Act, such as making a safety complaint. This category includes temporary reinstatement proceedings, which involve cases in which a miner has filed a complaint with MSHA stating he or she has suffered discrimination and the miner has lost his or her position.
- *Applications for Temporary Relief:* An application for temporary relief from any modification or termination of any order or from any order issued under certain subparts of section 104 of the Mine Act may be filed with the Commission at any time before such order becomes final.

The table that follows presents information by mine regarding pending legal actions before the Commission at December 31, 2015. Each legal action is assigned a docket number by the Commission and may have as its subject matter one or more citations, orders, penalties or complaints.

	Pending Legal Actions							
Mine[1]	Number of Pending Legal Actions as of December 31, 2015	Pre-Penalty Contests of Citations/Orders	Contests of Penalty Assessment [2]	Complaints for Compensation	Complaints of Discharge, Discrimination or Interference	Applications for Temporary Relief	Legal Actions Initiated During the Year Ended December 31, 2015	Legal Actions Resolved During the Year Ended December 31, 2015
Midwestern U.S. Mining								
Air Quality [3][4]	2	—	2	—	—	—	—	9
Bear Run	—	—	—	—	—	—	—	1
Conservancy Resources	—	—	—	—	—	—	—	1
Francisco Underground	17	2	15	—	—	—	12	10
Francisco Surface	—	—	—	—	—	—	—	2
Gateway	3	—	3	—	—	—	1	4
Somerville Central	—	—	—	—	—	—	—	1
Vermilion Grove (Riola Complex Vermilion Grove Portal) [3][4]	1	—	1	—	—	—	—	—
Wildcat Hills Underground	5	—	5	—	—	—	10	10
Willow Lake Portal [3]	4	—	4	—	—	—	—	4
Powder River Basin Mining								
North Antelope Rochelle	3	—	2	—	1	—	6	6
Western U.S. Mining								
Kayenta	2	—	2	—	—	—	3	3
Rawhide	—	—	—	—	—	—	—	2
Sage Creek	—	—	—	—	—	—	—	1
Twentymile (Foidel Creek)	14	1	13	—	—	—	11	12

(1) The definition of "mine" under section 3 of the Mine Act includes the mine, as well as other items used in, or to be used in, or resulting from, the work of extracting coal, such as land, structures, facilities, equipment, machines, tools and coal preparation facilities. Also, there are instances where the mine name per the MSHA system differs from the mine name utilized by us. Where applicable, we have parenthetically listed the name of the mine per the MSHA system. Also, all mines are listed alphabetically within each of our U.S. mining segments.

(2) Contests included a total of 4 appeals of judge's decisions or orders to the Commission as of December 31, 2015.

(3) Mine was closed as of December 31, 2015.

(4) Mine was classified in discontinued operations as of December 31, 2015.