ERGEN CHARLES W
Form SC 13D/A
December 02, 2009

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

SCHEDULE 13D/A

Under the Securities Exchange Act of 1934
(Amendment No. 9)*
DISH NETWORK CORPORATION
(Name of Issuer)

CLASS A COMMON STOCK, $0.01 PAR VALUE PER SHARE
(Title of Class of Securities)

278762109
(CUSIP Number)

R. Stanton Dodge
Executive Vice President, General Counsel and Secretary
DISH Network Corporation
9601 S. Meridian Blvd.
Englewood, Colorado 80112
(303) 723-1000
(Name, Address and Telephone Number of Person
Authorized to Receive Notices and Communications)

November 30, 2009
(Date of Event Which Requires Filing of this Statement)

If the filing person has previously filed a statement on Schedule 13G to report the acquisition that is the subject of this Schedule 13D, and is filing this schedule because of §§240.13d-1(e), 240.13d-1(f) or 240.13d-1(g), check the following box. o

Note: Schedules filed in paper format shall include a signed original and five copies of the schedule, including all exhibits. See §240.13d-7 for other parties to whom copies are to be sent.

* The remainder of this cover page shall be filled out for a reporting person's initial filing on this form with respect to the subject class of securities, and for any subsequent amendment containing information which would alter disclosures provided in a prior cover page.

The information required on the remainder of this cover page shall not be deemed to be "filed" for the purpose of Section 18 of the Securities Exchange Act of 1934 ("Act") or otherwise subject to the liabilities of that section of the Act but shall be subject to all other provisions of the Act (however, see the Notes).

Persons who respond to the collection of information contained in this form are not required to respond unless the form displays a currently valid OMB control number.

CUSIP No. 278762109

1. NAME OF REPORTING PERSON

Charles W. Ergen

2. CHECK THE APPROPRIATE BOX IF A MEMBER OF A GROUP:

(a) o

(b) x

3. SEC Use Only

4. SOURCE OF FUNDS

OO

5. CHECK IF DISCLOSURE OF LEGAL PROCEEDINGS IS REQUIRED PURSUANT TO ITEMS 2(d) OR 2(e) ¨

6. CITIZENSHIP OR PLACE OF ORGANIZATION

U.S.A.

	7. SOLE VOTING POWER 141,996,601 VOTING SHARES (1) 1,080,000 SIXTY DAY SHARES (2)
	8. SHARED VOTING POWER 75,001,508 OTHER SHARES (3)
Number Of Shares Beneficially	9. SOLE DISPOSITIVE POWER 141,996,601 VOTING SHARES (1)

Owned By	1,080,000 SIXTY DAY SHARES (2)
Each Reporting	
Person With	10. SHARED DISPOSITIVE POWER
	75,001,508 OTHER SHARES (3)

11. AGGREGATE AMOUNT BENEFICIALLY OWNED BY THE REPORTING PERSON

218,078,109

2

12. CHECK IF THE AGGREGATE AMOUNT IN ROW (11) EXCLUDES CERTAIN SHARES* ¨

13. PERCENT OF CLASS REPRESENTED BY AMOUNT IN ROW (11)

Approximately 51.2% (4)

14. TYPE OF REPORTING PERSON

IN

3

(1) "Voting Shares" include all shares of Class A Common Stock ("Class A Common Stock") and Class B Common Stock ("Class B Common Stock") of DISH Network Corporation ("DISH Network") of which Mr. Ergen is the sole beneficial owner. The shares of Class B Common Stock are convertible into shares of Class A Common Stock on a one-for-one basis at any time. The Voting Shares represent: (i) 538,652 shares of Class A Common Stock owned beneficially directly by Mr. Ergen; (ii) 18,833 shares of Class A Common Stock owned beneficially indirectly by Mr. Ergen through DISH Network's 401(k) Employee Savings Plan; (iii) 27,175 shares of Class A Common Stock owned beneficially by Mr. Ergen as custodian for his minor children; and (iv) 141,411,941 shares of Class B Common Stock owned beneficially directly by Mr. Ergen.

(2) "Sixty Day Shares" are shares of Class A Common Stock deemed to be owned beneficially under Rule 13d- 3(d)(1) because Mr. Ergen has the right to acquire beneficial ownership of such shares within 60 days of the date hereof. Upon acquisition by Mr. Ergen, these shares will become Voting Shares.

(3) "Other Shares" represent: (i) 235 shares of Class A Common Stock owned beneficially by Mr. Ergen's spouse Cantey Ergen; (ii) 1,273 shares of Class A Common Stock owned beneficially indirectly by Mrs. Ergen through DISH Network's 401(k) Employee Savings Plan; and (iii) 75,000,000 shares of Class B Common Stock owned beneficially by Mrs. Ergen solely by virtue of her position as trustee (with sole voting and dispositive power, except as set forth in Item 6 of this Schedule 13D, as amended) of the Ergen Two-Year 2009 DISH GRAT.

(4) Based on 208,643,850 shares of Class A Common Stock outstanding on November 30, 2009 and assuming conversion of the shares of Class B Common Stock held by Mr. Ergen into Class A Common Stock. Because such Class B Common Stock is convertible on a one-for-one basis into Class A Common Stock, assuming conversion of all shares of outstanding Class B Common Stock into Class A Common Stock, the percentage of the Class A Common Stock that Mr. Ergen may be deemed to own beneficially would be approximately 48.7%. Because each share of Class B Common Stock is entitled to 10 votes per share, Mr. Ergen owns beneficially equity securities of the Company representing approximately 83.5% of the voting power of the Company (assuming no conversion of the Class B Common Stock).

CUSIP No. 278762109

1. NAME OF REPORTING PERSON

Cantey M. Ergen

2. CHECK THE APPROPRIATE BOX IF A MEMBER OF A GROUP:

(a) o

(b) x

3. SEC Use Only

4. SOURCE OF FUNDS

OO

5. CHECK IF DISCLOSURE OF LEGAL PROCEEDINGS IS REQUIRED PURSUANT TO ITEMS 2(d) OR 2(e) ¨

6. CITIZENSHIP OR PLACE OF ORGANIZATION

U.S.A.

	7. SOLE VOTING POWER 75,001,508 VOTING SHARES (1)
	8. SHARED VOTING POWER 141,996,601 OTHER SHARES (2)
Number Of Shares Beneficially Owned By	9. SOLE DISPOSITIVE POWER 75,001,508 VOTING SHARES (1)
	10. SHARED DISPOSITIVE POWER

Each Reporting Person With 141,996,601 OTHER SHARES (2)

11. AGGREGATE AMOUNT BENEFICIALLY OWNED BY THE REPORTING PERSON

216,998,109

12. CHECK IF THE AGGREGATE AMOUNT IN ROW (11) EXCLUDES CERTAIN SHARES* ¨

13. PERCENT OF CLASS REPRESENTED BY AMOUNT IN ROW (11)

Approximately 51.1% (3)

14. TYPE OF REPORTING PERSON

IN

5

(1) “Voting Shares” include all shares of Class A Common Stock and Class B Common Stock of DISH Network of which Mrs. Ergen is the sole beneficial owner. The shares of Class B Common Stock are convertible into shares of Class A Common Stock on a one-for-one basis at any time. The Voting Shares represent: (i) 235 shares of Class A Common Stock owned beneficially by Mr. Ergen’s spouse Cantey Ergen; (ii) 1,273 shares of Class A Common Stock owned beneficially indirectly by Mrs. Ergen through DISH Network’s 401(k) Employee Savings Plan; and (iii) 75,000,000 shares of Class B Common Stock owned beneficially by Mrs. Ergen solely by virtue of her position as trustee (with sole voting and dispositive power, except as set forth in Item 6 of this Schedule 13D, as amended) of the Ergen Two-Year 2009 DISH GRAT.

(2) “Other Shares” represent: (i) 538,652 shares of Class A Common Stock owned beneficially directly by Mr. Ergen; (ii) 18,833 shares of Class A Common Stock owned beneficially indirectly by Mr. Ergen through DISH Network’s 401(k) Employee Savings Plan; (iii) 27,175 shares of Class A Common Stock owned beneficially by Mr. Ergen as custodian for his minor children; and (iv) 141,411,941 shares of Class B Common Stock owned beneficially directly by Mr. Ergen.

(3) Based on 208,643,850 shares of Class A Common Stock outstanding on November 30, 2009 and assuming conversion of the shares of Class B Common Stock held by Mrs. Ergen into Class A Common Stock. Because such Class B Common Stock is convertible on a one-for-one basis into Class A Common Stock, assuming conversion of all shares of outstanding Class B Common Stock into Class A Common Stock, the percentage of the Class A Common Stock that Mrs. Ergen may be deemed to own beneficially would be approximately 48.5%. Because each share of Class B Common Stock is entitled to 10 votes per share, Mrs. Ergen owns beneficially equity securities of the Company representing approximately 83.5% of the voting power of the Company (assuming no conversion of the Class B Common Stock).

CUSIP No. 278762109

1. NAME OF REPORTING PERSON

Ergen Two-Year 2009 DISH GRAT

2. CHECK THE APPROPRIATE BOX IF A MEMBER OF A GROUP:

(a) o

(b) x

3. SEC Use Only

4. SOURCE OF FUNDS

OO

5. CHECK IF DISCLOSURE OF LEGAL PROCEEDINGS IS REQUIRED PURSUANT TO ITEMS 2(d) OR 2(e) ¨

6. CITIZENSHIP OR PLACE OF ORGANIZATION

Colorado

	7. SOLE VOTING POWER 75,000,000 VOTING SHARES (1)
	8. SHARED VOTING POWER 0
Number Of Shares Beneficially Owned By Each Reporting Person	9. SOLE DISPOSITIVE POWER 75,000,000 VOTING SHARES (1)

With 10. SHARED DISPOSITIVE POWER
0

11. AGGREGATE AMOUNT BENEFICIALLY OWNED BY THE REPORTING PERSON

75,000,000

12. CHECK IF THE AGGREGATE AMOUNT IN ROW (11) EXCLUDES CERTAIN SHARES* ¨

13. PERCENT OF CLASS REPRESENTED BY AMOUNT IN ROW (11)

Approximately 26.4% (3)

14. TYPE OF REPORTING PERSON

IN

7

(1) All of the shares beneficially held by the Ergen Two-Year 2009 DISH GRAT are shares of Class B Common Stock. The shares of Class B Common Stock are convertible into shares of Class A Common Stock on a one-for-one basis at any time.

(2) Based on 208,643,850 shares of Class A Common Stock outstanding on November 30, 2009 and assuming conversion of the shares of Class B Common Stock held by the Ergen Two-Year 2009 DISH GRAT into Class A Common Stock. Because such Class B Common Stock is convertible on a one-for-one basis into Class A Common Stock, assuming conversion of all shares of outstanding Class B Common Stock into Class A Common Stock, the percentage of the Class A Common Stock that the Ergen Two-Year 2009 DISH GRAT may be deemed to own beneficially would be approximately 16.8%. Because each share of Class B Common Stock is entitled to 10 votes per share, the Ergen Two-Year 2009 DISH GRAT owns beneficially equity securities of the Company representing approximately 28.9% of the voting power of the Company (assuming no conversion of the Class B Common Stock).

ITEM 2. Identity and Background.

Item 2 is amended and restated as follows:

This statement is being filed jointly by: (a) Charles W. Ergen; (b) Cantey M. Ergen; and (c) Ergen Two-Year 2009 DISH GRAT ("2009 GRAT"), who are together referred to as the "Reporting Persons." This Schedule 13D relates solely to, and is being filed for, shares held by Mr. and Mrs. Ergen, and shares transferred by Mr. Ergen to the 2009 GRAT.

(A) Charles W. Ergen

Mr. Ergen's principal occupation is Chairman of the Board of Directors, President and Chief Executive Officer of DISH Network and Chairman of EchoStar Corporation, and his principal address is 9601 S. Meridian Blvd., Englewood, Colorado 80112. Mr. Ergen has not, during the last five years, (i) been convicted in a criminal proceeding (excluding traffic violations or similar misdemeanors) or (ii) been a party to a civil proceeding of a judicial or administrative body of competent jurisdiction and as a result of such proceeding been subject to a judgment, decree or final order enjoining future violations of, or prohibiting or mandating activity subject to, federal or state securities laws or finding any violation with respect to such laws. Mr. Ergen is a citizen of the United States.

(B) Cantey M. Ergen

Mrs. Ergen is a member of the Board of Directors of DISH Network and her principal address is 9601 S. Meridian Blvd., Englewood, Colorado 80112. Mrs. Ergen has not, during the last five years, (i) been convicted in a criminal proceeding (excluding traffic violations or similar misdemeanors) or (ii) been a party to a civil proceeding of a judicial or administrative body of competent jurisdiction and as a result of such proceeding been subject to a judgment, decree or final order enjoining future violations of, or prohibiting or mandating activity subject to, federal or state securities laws or finding any violation with respect to such laws. Mrs. Ergen is a citizen of the United States.

(C) 2009 GRAT

The 2009 GRAT was formed under the laws of the State of Colorado and its principal business is to hold a portion of the assets and estate of Mr. Charles W. Ergen, the Chairman, President and Chief Executive Officer of DISH Network. Its address is c/o Mrs. Ergen, as Trustee, at 9601 S. Meridian Blvd., Englewood, Colorado 80112. The 2009 GRAT has not, during the last five years, (i) been convicted in a criminal proceeding (excluding traffic violations or similar misdemeanors) or (ii) been a party to a civil proceeding of a judicial or administrative body of competent jurisdiction and as a result of such proceeding been subject to a judgment, decree or final order enjoining future violations of, or prohibiting or mandating activity subject to, federal or state securities laws or finding any violation with respect to such laws. As trustee of the 2009 GRAT, Mrs. Ergen is vested with sole voting and investment power over the 75,000,000 shares of Class B Common Stock held by the 2009 GRAT, except as set forth in Item 6 below.

ITEM 4. Purpose of Transaction.

Item 4 is hereby amended and supplemented as follows:

Mr. Ergen gifted 75,000,000 shares of Class B Common Stock to the Ergen Two-Year 2009 DISH GRAT (the "2009 GRAT") on November 30, 2009. Mr. Ergen established the 2009 GRAT for estate planning purposes. Under the trust agreement establishing the 2009 GRAT, Mr. Ergen's spouse, Cantey Ergen, will serve as trustee of the 2009 GRAT and will hold sole voting and investment power over the 75,000,000 shares of Class B Common Stock held by the 2009 GRAT, except as set forth in Item 6 below. Mr. Ergen receives an annuity amount from the 2009 GRAT under the trust agreement governing the 2009 GRAT. Members of Mr. and Mrs. Ergen's family are the beneficiaries of the 2009 GRAT. The 2009 GRAT will expire two years from the date of transfer of the shares of Class B Common Stock to the 2009 GRAT.

ITEM 5. Interest in Securities of the Issuer.

Item 5 is amended and restated as follows:

(a) This filing is for the cumulative share holdings of an affiliated group as of the close of business on December 1, 2009. See Items 11 and 13 of the cover pages to this Amendment No. 9 for the aggregate number of shares of Class A Common Stock and percentage of Class A Common Stock beneficially owned by each of the Reporting Persons. The Reporting Persons' beneficial ownership of shares of Class A Common Stock excludes: (A) 2,135,923 shares of Class A Common Stock issuable upon conversion of shares of Class B Common Stock currently held by GRAT #4, (B) 15,642,193 shares of Class A Common Stock issuable upon conversion of shares of Class B Common Stock currently held by the 2008 GRAT; and (C) 4,245,151 shares of Class A Common Stock issuable upon conversion of shares of Class B Common Stock held by certain trusts established by Mr. Ergen for the benefit of his family.

(b) See Items 7 through 10 of the cover pages to this Amendment No. 9 for the number of shares of Class A Common Stock beneficially owned by each of the Reporting Persons as to which there is sole power to vote or to direct the vote, shared power to vote or to direct the vote and sole or shared power to dispose or to direct the disposition.

(c) The Reporting Persons have not effected any transactions in the Class A Common Stock of DISH Network in the last sixty days other than as described herein and Mr. Ergen's exercise of an option to purchase 90,000 shares of DISH Network's Class A Common Stock on November 17, 2009 as reported on a Form 4 filed by Mr. Ergen on November 19, 2009.

(d) Not applicable.

(e) Not applicable.

ITEM 6. Contracts, Arrangements, Understandings or Relationships With Respect to Securities of the Issuer.

Item 6 is amended and restated as follows:

The trust agreement for the 2009 GRAT contains an irrevocable provision that provides that the trustee will not dispose of any shares of DISH Network held by the 2009 GRAT unless a Change of Control Event occurs. If a Change of Control Event occurs, the trustee of the 2009 GRAT will have sole discretion with respect to the disposition of any shares of DISH Network held by the 2009 GRAT.

A “Change of Control Event” will occur if (i) as the result of a transaction or a series of transactions any person other than Charles W. Ergen (or a Related Party) individually owns more than fifty percent (50%) of the total Equity Interests of either (A) DISH Network or (B) the surviving entity in any such transaction(s) or a controlling affiliate of such surviving entity in such transaction(s); and (ii) a majority of the members of the Board of Directors of DISH Network are no longer Continuing Directors; and (iii) as the result of a transaction or a series of transactions any person other than Charles W. Ergen (or a Related Party) individually owns more than fifty percent (50%) of the total voting power of either (A) DISH Network or (B) the surviving entity in any such transaction(s) or a controlling affiliate of such surviving entity in such transaction(s); and (iv) Charles W. Ergen sells Equity Interests of DISH Network such that he owns beneficially less than 50% of the total Equity Interests that he owned beneficially immediately following the grant of shares to the 2009 GRAT.

For purposes of the definition of “Change of Control Event”:

“Continuing Director” means, as of any date of determination, any member of the Board of Directors of DISH Network who: (a) was a member of such Board of Directors on November 30, 2009; or (b) was nominated for election or elected to such Board of Directors either (x) with the affirmative vote of a majority of the Continuing Directors who were members of such Board of Directors at the time of such nomination or election or (y) by Charles W. Ergen and his Related Parties.

“Equity Interest” means any capital stock of DISH Network and all warrants, options or other rights to acquire capital stock of DISH Network (but excluding any debt security that is convertible into, or exchangeable for, capital stock of DISH Network).

“Related Party” means, (a) Charles W. Ergen’s spouse and each of his immediate family members; (b) each trust, corporation, partnership or other entity of which Charles W. Ergen beneficially holds an eighty percent (80%) or more controlling interest or that was created for estate planning purposes including without limitation the grantor retained annuity trusts dated November 9, 2005, September 5, 2008 and November 30, 2009; and (c) the personal representatives, administrators, executor, guardians, or any person(s) or entit(ies) to which Charles W. Ergen’s shares of DISH Network are transferred as a result of a transfer by will or the applicable laws of descent and distribution.

ITEM 7. Material to be Filed as Exhibits

Exhibit A: Agreement of Joint Filing

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SIGNATURE

After reasonable inquiry and to the best of my knowledge and belief, I certify that the information set forth in this statement is true, complete and correct.

CHARLES W. ERGEN

Dated: December 2, 2009 /s/ Charles W. Ergen
Charles W. Ergen

CANTEY M. ERGEN

Dated: December 2, 2009 /s/ Cantey M. Ergen
Cantey M. Ergen

2009 GRAT

Dated: December 2, 2009 /s/ Cantey M. Ergen
Cantey M. Ergen, Trustee

Attention: Intentional misstatements or omissions of fact constitutes Federal criminal violations (See 18 U.S.C. 1001)

EXHIBIT INDEX

EXHIBIT A

Agreement of Joint Filing

Pursuant to Rule 13d-1(k)(l)(iii) of Regulation 13D-G of the General Rules and Regulations of the Securities and Exchange Commission under the Securities Exchange Act of 1934, as amended, the undersigned agree that the statement on Schedule 13D/A to which this Exhibit is attached is filed on behalf of each of them in the capacities set forth below.

CHARLES W. ERGEN

Dated: December 2, 2009

/s/ Charles W. Ergen
Charles W. Ergen

CANTEY M. ERGEN

/s/ Cantey M. Ergen

Dated: December 2, 2009 Cantey M. Ergen

2009 GRAT

/s/ Cantey M. Ergen

Dated: December 2, 2009 Cantey M. Ergen, Trustee

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PEABODY ENERGY CORPORATION
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

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, 2014 and 2013, would have amounted to collateral postings to counterparties of approximately $31 million and $7 million, respectively. As of December 31, 2014 and 2013, 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 2014, each of the three major credit rating agencies downgraded the Company's corporate credit rating by one notch. The Company was not required to post additional collateral as a result of those downgrades. Even if a credit downgrade were to have occurred below contractually specified levels, the Company’s additional collateral requirement owed to its counterparties would have been zero at December 31, 2014 and 2013 based on the aggregate fair value of all derivative trading instruments with such features. Accordingly, the Company had posted no margin related to such features as of December 31, 2014 and 2013.
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, 2014 and 2013, the Company held net variation margin of $32.6 million and $56.1 million, respectively.
In addition to the requirements surrounding variation margin, the Company is required by the exchanges upon which it transacts 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, 2014 and 2013, the Company had posted initial margin of $15.2 million and $19.6 million, respectively, which is reflected in “Other current assets” in the consolidated balance sheets. The Company also posted $6.1 million and $1.0 million of margin in excess of the exchange-required variation and initial margin discussed above as of December 31, 2014 and 2013, respectively.
(8) Financing Receivables
The Company's total financing receivables as of December 31, 2014 and 2013 consisted of the following:

Balance Sheet Classification	December 31, 2014	December 31, 2013
	(Dollars in millions)	
Accounts receivable, net	$—	$0.1
Investments and other assets	347.2	351.7
Total financing receivables	$347.2	$351.8

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, 2014.
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 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 upon the earlier of the mine's first shipment or June 30, 2016. The remaining balance associated with these receivables was recorded in "Investments and other assets" in the consolidated balance sheets, which balance totaled $27.6 million and $28.5 million at December 31, 2014 and 2013, respectively.

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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 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 24, 2015. 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, 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. As a result of the expected timing of interest repayments, interest income on these loans is recognized when cash is received. The Company recognized interest income related to these loans of $4.8 million and $6.4 million during the years ended December 31, 2014 and 2013, respectively. Interest income under a full accrual basis would have resulted in additional interest income of $6.4 million and $5.8 million during the years ended December 31, 2014 and 2013, respectively. The carrying value of these loans of $319.6 million and $323.2 million was reflected in "Investments and other assets" in the consolidated balance sheets as of December 31, 2014 and 2013, respectively.

Other Financing Receivables. From time to time, the Company may enter into transactions resulting in accounts or notes receivable held by the Company, which have been reflected in "Accounts receivable, net." These notes are generally short term in nature with positive historical collection experience and do not represent a material credit risk to the Company.

(9) Property, Plant, Equipment and Mine Development

Property, plant, equipment and mine development, net, as of December 31, 2014 and December 31, 2013 consisted of the following:

	December 31, 2014	2013
	(Dollars in millions)	
Land and coal interests	$11,021.1	$11,024.1
Buildings and improvements	1,569.1	1,525.4
Machinery and equipment	2,685.7	2,777.5
Less: Accumulated depreciation, depletion and amortization	(4,698.6)	(4,244.5)
Total, net	$10,577.3	$11,082.5

The net book value of coal reserves totaled $6.2 billion as of December 31, 2014 and $6.3 billion as of December 31, 2013, which excludes the carrying value of acquired interests in mineral rights at certain Australian exploration properties of $1.3 billion at each date. The coal reserves include mineral rights for leased coal interests and advance royalties that had a net book value of $5.0 billion as of December 31, 2014 and $5.1 billion as of December 31, 2013. The remaining net book value of coal reserves of $1.2 billion at December 31, 2014 and 2013 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 $2.1 billion as of December 31, 2014 and $2.3 billion as of December 31, 2013.

(10) Income Taxes

Loss from continuing operations before income taxes for the years ended December 31, 2014, 2013 and 2012 consisted of the following:

	Year Ended December 31, 2014	2013	2012
	(Dollars in millions)		
U.S.	$268.9	$220.6	$1,049.1
Non-U.S.	(816.8)	(954.9)	(1,257.7)

Total	$(547.9)	$(734.3)	$(208.6)

Total income tax provision (benefit) for the years ended December 31, 2014, 2013 and 2012 consisted of the following:

	Year Ended December 31,		
	2014	2013	2012
	(Dollars in millions)		
Current:			
U.S. federal	$27.1	$(47.9)	$116.8
Non-U.S.	(61.1)	38.4	127.6
State	3.3	(4.7)	12.2
Total current	(30.7)	(14.2)	256.6
Deferred:			
U.S. federal	111.0	4.8	(32.7)
Non-U.S.	122.3	(440.3)	28.8
State	(1.4)	1.4	9.6
Total deferred	231.9	(434.1)	5.7
Total income tax provision (benefit)	$201.2	$(448.3)	$262.3

The following is a reconciliation of the expected statutory federal income tax benefit to the Company's income tax provision (benefit) for the years ended December 31, 2014, 2013 and 2012:

	Year Ended December 31,		
	2014	2013	2012
	(Dollars in millions)		
Expected income tax benefit at U.S. federal statutory rate	$(191.7)	$(257.0)	$(73.0)
Changes in valuation allowance, income tax	569.4	(29.4)	521.5
Changes in tax reserves	(81.5)	8.8	24.5
Excess depletion	(65.3)	(72.7)	(69.4)
Foreign earnings repatriation	(71.4)	—	—
Foreign earnings provision differential	28.8	62.7	(59.6)
General business tax credits	(19.2)	(18.9)	(17.4)
Minerals resource rent tax, net of federal tax	16.1	(87.4)	77.2
Remeasurement of foreign income tax accounts	(2.7)	(44.3)	7.9
State income taxes, net of federal tax benefit	(2.3)	(0.2)	(1.1)
Capital loss	—	—	(118.1)
Other, net	21.0	(9.9)	(30.2)
Total income tax provision (benefit)	$201.2	$(448.3)	$262.3

Certain reconciliation items included in the above table exclude the remeasurement of foreign income tax accounts as these foreign currency effects are separately presented.

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PEABODY ENERGY CORPORATION
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

The tax effects of temporary differences that gave rise to significant portions of the deferred tax assets and liabilities as of December 31, 2014 and 2013 consisted of the following:

	December 31, 2014	2013
	(Dollars in millions)	
Deferred tax assets:		
Tax credits and loss carryforwards	$1,723.5	$1,558.0
Minerals resource rent tax	—	993.2
Accrued postretirement benefit obligations	372.3	309.9
Asset retirement obligations	167.0	141.6
Employee benefits	70.7	88.5
Payable to voluntary employee beneficiary association for certain Patriot retirees (1)	79.2	84.4
Hedge activities	44.2	—
Environmental contingencies	29.9	23.6
Deferred revenue	29.1	3.2
Financial guarantees	16.9	16.9
Workers' compensation obligations	6.2	10.4
Other	50.5	31.5
Total gross deferred tax assets	2,589.5	3,261.2
Deferred tax liabilities:		
Property, plant, equipment and mine development, principally due to differences in depreciation, depletion and asset impairments	1,223.4	1,322.3
Unamortized discount on Convertible Junior Subordinated Debentures	131.0	131.8
Hedge activities	—	11.4
Investments and other assets	73.4	82.0
Other	1.1	46.3
Total gross deferred tax liabilities	1,428.9	1,593.8
Valuation allowance, income tax	(1,169.0)	(656.4)
Valuation allowance, minerals resource rent tax	—	(977.7)
Net deferred tax (liability) asset	$(8.4)	$33.3
Deferred taxes are classified as follows:		
Current deferred income taxes	$80.0	$66.4
Noncurrent deferred income taxes	(88.4)	(33.1)
Net deferred tax (liability) asset	$(8.4)	$33.3

(1) Refer to Note 25. "Matters Related to the Bankruptcy Reorganization 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 $290.3 million, foreign tax credits of $147.9 million, tax general business credits of $89.9 million, U.S. capital losses of $51.1 million, state net operating loss (NOL) carryforwards of $41.0 million and foreign NOL carryforwards of $1,103.3 million as of December 31, 2014. The AMT credits and foreign NOLs have no expiration date. The U.S. capital losses and state NOL's begin to expire in 2017 and 2018, respectively. The foreign tax credits and general business credits begin to expire in 2020 and 2027, respectively.

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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, 2014, the Company recorded valuation allowance against net deferred tax asset positions in the U.S. and Australia of $351.2 million and $289.3 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. The Company also continued to have a partial reserve for its foreign NOL's and certain deferred tax assets based on future realizable value as of December 31, 2014. Of the $351.2 million increase in U.S. valuation allowance during the year ended December 31, 2014, $280.1 million and $71.1 million were reflected in "Income tax provision (benefit)" and "Accumulated other comprehensive loss," respectively.
Due to the repeal of the Australian Minerals and Resource Rent Tax (MRRT) during the year ended December 31, 2014, the Company wrote-off its MRRT related deferred tax assets totaling $993.2 million, along with the corresponding valuation allowance of $977.7 million.
Unrecognized Tax Benefits
Net unrecognized tax benefits (excluding interest and penalties) were recorded as follows in the consolidated balance sheets as of December 31, 2014 and 2013:

	December 31,	
	2014	2013
	(Dollars in millions)	
Accounts payable and accrued expenses	$—	$20.3
Deferred income taxes	6.2	90.3
Other noncurrent liabilities	34.7	29.9
Net unrecognized tax benefits	$40.9	$140.5
Gross unrecognized tax benefits	$44.5	$143.9

The amount of the Company's gross unrecognized tax benefits decreased by $99.4 million since January 1, 2014 due to the finalization of Australian Tax Office (ATO) audits on the 2004 through 2012 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 $40.9 million and $140.5 million at December 31, 2014 and 2013, respectively. A reconciliation of the beginning and ending amount of gross unrecognized tax benefits for the years ended December 31, 2014, 2013 and 2012 is as follows:

	Year Ended December 31,		
	2014	2013	2012
	(Dollars in millions)		
Balance at beginning of period	$143.9	$122.8	$119.6
Additions for current year tax positions	12.0	6.3	17.4
Additions for prior year tax positions	—	63.8	31.9
Reductions for settlements with tax authorities	(111.4)	—	(46.1)
Reductions for expirations of statutes of limitations	—	(49.0)	—
Balance at end of period	$44.5	$143.9	$122.8

The Company recognizes interest and penalties related to unrecognized tax benefits in its income tax provision. The Company (reversed) expensed gross interest and penalties of ($8.0) million, ($36.0) million and $21.2 million for the years ended December 31, 2014, 2013 and 2012, respectively. The Company had $3.4 million and $11.4 million of accrued gross interest and penalties related to unrecognized tax benefits at December 31, 2014 and 2013, respectively.

The Company believes during the next twelve months it is reasonably possible for a $28.6 million decrease in its net unrecognized tax benefits due to potential audit settlements and the expiration of statutes of limitations.

Tax Returns Subject to Examination

The Company's U.S. federal income tax returns are under examination by the IRS for the 2009 through 2012 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 no undistributed earnings of foreign subsidiaries as of December 31, 2014. 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, 2014, 2013 and 2012:

	Year Ended December 31,		
	2014	2013	2012
	(Dollars in millions)		
U.S. — federal	$(7.7)	$(0.8)	$63.0
U.S. — state and local	(6.8)	2.9	11.8
Non-U.S.	(2.2)	79.8	55.7
Total income tax (refunds) payments, net	$(16.7)	$81.9	$130.5

(11) Accounts Payable and Accrued Expenses

Accounts payable and accrued expenses consisted of the following:

	December 31,	
	2014	2013
	(Dollars in millions)	
Trade accounts payable	$461.7	$483.0
Commodity and foreign currency hedge contracts	341.1	213.9
Other accrued expenses	298.8	267.3
Accrued payroll and related benefits	268.7	248.0
Accrued taxes other than income	175.3	223.5
Payable to voluntary employee beneficiary association for certain Patriot retirees [1]	75.0	20.0
Accrued royalties	61.5	67.1
Accrued interest	48.4	47.9
Asset retirement obligations	30.2	21.0
Accrued environmental cleanup-related costs	19.4	18.3
Workers’ compensation obligations	10.9	10.0
Income taxes payable	3.3	3.8
Accrued health care insurance	2.4	7.1
Liabilities associated with discontinued operations	12.5	133.1
Total accounts payable and accrued expenses	$1,809.2	$1,764.0

(1) Refer to Note 25. "Matters Related to the Bankruptcy Reorganization 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, 2014 and 2013 consisted of the following:

	December 31,	
	2014	2013
	(Dollars in millions)	
2013 Term Loan Facility due September 2020	$1,175.1	$1,185.4
7.375% Senior Notes due November 2016	650.0	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
7.875% Senior Notes due November 2026	247.6	247.5
Convertible Junior Subordinated Debentures due December 2066	382.3	379.7
Capital lease obligations	22.2	30.5
Other	1.2	0.9
Total	$5,986.8	$6,002.4

The carrying amounts of the 2013 Term Loan Facility due September 2020, 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.

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, which was classified in "Interest expense" in the consolidated statement of operations.

The 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 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 Omnibus Amendment Agreement, dated as of February 5, 2015 (the First Amendment), 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. The 2013 Credit Facility limits that amount of debt secured by "Principal Property" and "Capital Stock" (as such quoted terms are used in the Company's Senior Notes indentures) in order for the Company to utilize the general liens basket in the Company's Senior Notes indentures.

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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 Agreement, 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 Agreement, 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, 2014 the Company had $1,175.1 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 Agreement, 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 first lien secured leverage ratio and a minimum interest coverage ratio. The Company was in compliance with those covenants as of December 31, 2014. 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 Company’s ability to provide for loans and advances between the parent company and the subsidiaries that secure or guarantee the related indebtedness, provided that certain of such loans and advances are subordinated to the Company’s obligations under the 2013 Credit Agreement.

The foregoing description of the 2013 Credit Facility addresses the terms of the First Amendment. The First Amendment also:

- amended the financial maintenance covenants to provide the Company with greater financial flexibility by lowering the interest coverage ratio and increasing the maximum net first lien secured leverage ratio for the term of the 2013 Credit Facility;

- amended a negative covenant in the 2013 Credit Facility to allow for second lien debt issuances, so long as the Company remains in compliance with the 2013 Credit Facility; and
- amended certain other negative covenants in the 2013 Credit Facility to (1) reduce the Company’s annual cash dividend payments allowable to a maximum of $27.5 million (with carryforward permitted) and the additional general restricted payments basket, which includes dividends, stock repurchases and certain investments, to a maximum of $100.0 million (which amount may increase based on positive earnings during the term of the agreement) and (2) further limit the Company’s ability to incur liens, incur debt and make investments.

As of December 31, 2014, the Company had no borrowings under the 2013 Revolver, but had $114.9 million of letters of credit outstanding. The remaining capacity under the 2013 Revolver at December 31, 2014 was $1,535.1 million. The interest rate payable on the 2013 Revolver was LIBOR plus 2.25%, or 2.42% at December 31, 2014.

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6.00%, 6.25%, 6.50%, 7.375% 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
7.375% Senior Notes	May 1 and November 1
7.875% Senior Notes	May 1 and November 1

On November 15, 2011, the Company completed a $1.6 billion offering of 6.00% Senior Notes due November 2018 (the 6.00% Senior Notes) and a $1.5 billion offering of 6.25% Senior Notes due November 2021 (the 6.25% Senior Notes), with the proceeds of the offering used, in part, to finance the acquisition of Macarthur. On the same date, the Company, the Guarantors and the initial purchasers of the 6.00% Senior Notes and the 6.25% Senior Notes entered into a registration rights agreement (the Registration Rights Agreement). During the second quarter of 2012, the Company repurchased $81.2 million and $160.4 million in aggregate principal amount of its 6.00% and 6.25% Senior Notes due 2018 and 2021, respectively, with existing cash on hand. The Company recognized a loss on debt extinguishment of $2.8 million associated with these repurchases, which was comprised of $3.4 million of expense related to the write-off of deferred financing costs and a gain of $0.6 million as the repurchases were made below par value. The loss is classified in "Interest expense" in the consolidated statement of operations for the year ended December 31, 2012. In the third quarter of 2012, the Company commenced an offer to exchange any and all of its 6.00% and 6.25% Senior Notes outstanding for substantially identical freely tradable debt securities registered under the Securities Act of 1933. The exchange offer was completed in October 2012 and did not affect the Company's indebtedness outstanding.

Convertible Junior Subordinated Debentures

As of December 31, 2014, 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 $80.02 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 17.4967 shares of common stock per $1,000 principal amount of Debentures effective February 4, 2015. This adjusted conversion rate represents a conversion price of $57.15.

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 $74.30 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, but do impose certain financial covenants. The Company was in compliance with all such covenants as of December 31, 2014.

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 "Interest expense" in the consolidated statement of operations for the year ended December 31, 2014.

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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,	
	2014	2013
	(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	(350.2)	(352.8)
Net carrying amount	$382.3	$379.7

The following table illustrates the effective interest rate and the interest expense related to the Debentures:

	Year Ended December 31,		
	2014	2013	2012
	(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	2.6	2.3	2.1

The remaining period over which the discount will be amortized is 27 years as of December 31, 2014.

Capital Lease Obligations

In June 2013, the Company executed an amendment to its master equipment hire agreement with an unconsolidated equity affiliate in Australia to allow for the legal right of offset of receivables and payables due between parties. The operations of that equity affiliate are funded through equity interests and shareholder loans for the purpose of purchasing on behalf of and leasing equipment to its shareholders. Because the Company intends to use the right of offset provided by that amendment, $38.0 million of capital lease obligations due to that equity affiliate have been presented on a net basis in the consolidated balance sheet as of December 31, 2014 and offset against the related shareholder loans due from that equity affiliate included in "Investments and other assets." Prior to the amendment, such amounts were presented on a gross basis in the Company's consolidated financial statements.

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, 2014, including capital lease obligations, were as follows:

Year of Maturity	(Dollars in millions)
2015	$21.2
2016	669.0
2017	12.9
2018	1,530.9
2019	12.1
2020 and thereafter	3,740.7
Total	$5,986.8

Interest paid on long-term debt was $404.4 million, $388.2 million and $396.1 million for the years ended December 31, 2014, 2013 and 2012, respectively.

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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, 2014 was $88.7 million, of which $62.4 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 require the maintenance of specified ratios and are subject to the restrictive covenants of the Company's credit facilities. Rental expense under operating leases, including expense related to short-term operating leases, was $306.0 million, $305.9 million and $247.5 million for the years ended December 31, 2014, 2013 and 2012, 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, 2014 and 2013. The gross value of property, plant, and equipment under capital leases was $175.1 million as of December 31, 2014 and 2013, related primarily to the leasing of mining equipment. The accumulated depreciation for these items was $138.4 million and $111.3 million at December 31, 2014 and 2013, 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 $507.8 million, $546.0 million and $637.5 million for the years ended December 31, 2014, 2013 and 2012, 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 leases are typically for an initial term of up to 21 years (but may be renewed) and 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 and occupiers for the loss of access to the land and any impact on the value of the land where the landowner retains the surface rights, and the amount and type of compensation can be determined by agreement or court determination, as provided by law. Surface rights may be acquired directly from landowners by mutual agreement.

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Future minimum lease and royalty payments as of December 31, 2014 are as follows:

Year Ending December 31,	Capital Leases	Operating Leases	Coal Lease and Royalty Obligations
	(Dollars in millions)		
2015	$9.5	$207.2	$284.6
2016	6.9	196.0	253.3
2017	1.4	178.9	22.3
2018	0.5	104.3	20.5
2019	0.5	51.3	18.2
2020 and thereafter	10.6	64.3	29.0
Total minimum lease payments	29.4	$802.0	$627.9
Less interest	7.2		
Present value of minimum capital lease payments	$22.2		

As of December 31, 2014, certain of the Company’s coal lease obligations were secured by outstanding surety bonds totaling $103.8 million.

(14) Asset Retirement Obligations

Reconciliations of the Company’s asset retirement obligations are as follows:

	December 31, 2014	2013
	(Dollars in millions)	
Balance at beginning of year	$712.8	$687.5
Liabilities incurred or acquired	22.7	—
Liabilities settled or disposed	(19.7)	(15.4)
Accretion expense	39.3	39.3
Revisions to estimates	(2.6)	1.4
Balance at end of year	$752.5	$712.8
Less: Current portion (included in "Accounts payable and accrued expenses")	30.2	21.0
Noncurrent obligation (included in "Asset Retirement Obligations")	722.3	691.8
Balance at end of year — active locations	$676.2	$660.8
Balance at end of year — closed or inactive locations	$76.3	$52.0

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.

The credit-adjusted, risk-free interest rates were 6.82%, 6.44% and 6.28% at December 31, 2014, 2013 and 2012, respectively.

As of December 31, 2014 and 2013, the Company had $645.0 million and $568.4 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 $1,361.4 million and $1,365.1 million as of December 31, 2014 and 2013, respectively. Additionally, the Company had $17.6 million of letters of credit in support of reclamation obligations as of December 31, 2014 and 2013.

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(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,		
	2014	2013	2012
	(Dollars in millions)		
Service cost for benefits earned	$12.2	$15.8	$14.9
Interest cost on accumulated postretirement benefit obligation	36.4	41.8	54.9
Amortization of prior service cost (credit)	1.3	(1.7)	2.5
Amortization of actuarial loss	14.5	24.1	32.8
Settlement related to the Patriot bankruptcy reorganization (1)	—	63.2	—
Special termination benefits (2)	1.6	0.9	—
Net periodic postretirement benefit cost	$66.0	$144.1	$105.1

(1) Refer to Note 25. "Matters Related to the Bankruptcy Reorganization 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,		
	2014	2013	2012
	(Dollars in millions)		
Net actuarial loss (gain) arising during year	$115.8	$(24.3)	$(68.3)
Prior service credit arising during year	(18.0)	—	(31.9)
Amortization:			
Actuarial loss	(14.5)	(24.1)	(32.8)
Prior service (cost) credit	(1.3)	1.7	(2.5)
Settlement related to the Patriot bankruptcy reorganization: (1)			
Actuarial loss	—	(61.3)	—
Prior service cost	—	(1.9)	—
Total recorded in other comprehensive loss (income)	$82.0	$(109.9)	$(135.5)

(1) Refer to Note 25. "Matters Related to the Bankruptcy Reorganization 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 (11.70 years and 11.96 years at January 1, 2015 and 2014, 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, 2015 are $24.9 million and $6.8 million, respectively.

The following table sets forth the plans' funded status reconciled with the amounts shown in the consolidated balance sheets:

	December 31, 2014	December 31, 2013
	(Dollars in millions)	
Change in benefit obligation:		
Accumulated postretirement benefit obligation at beginning of period	$735.4	$1,026.1
Service cost	12.2	15.8
Interest cost	36.4	41.8
Participant contributions	2.2	2.3
Plan changes(1)	(18.0)	—
Benefits paid	(46.5)	(66.5)
Actuarial loss (gain) (2)	115.8	(24.3)
Settlement related to the Patriot bankruptcy reorganization (3)	—	(260.7)
Special termination benefits	1.6	0.9
Accumulated postretirement benefit obligation at end of period	839.1	735.4
Change in plan assets:		
Fair value of plan assets at beginning of period	—	—
Employer contributions	44.3	64.2
Participant contributions	2.2	2.3
Benefits paid and administrative fees (net of Medicare Part D reimbursements)	(46.5)	(66.5)
Fair value of plan assets at end of period	—	—
Funded status at end of year	(839.1)	(735.4)
Less: Current portion (included in "Accounts payable and accrued expenses")	57.2	51.4
Noncurrent obligation (included in "Accrued postretirement benefit costs")	$(781.9)	$(684.0)

(1) Includes the net impact of the following plan changes: a $45.4 million reduction to the benefit obligation related to various plan changes effective January 1, 2015 for certain plan participants that are designed to bring consistency amongst the various retiree medical programs; and a $27.6 million increase to the benefit obligation resulting from a plan change effective April 1, 2014 for certain plan participants' benefits no longer funded through a Medicare Advantage Program. The plan changes will not affect participant benefits.

(2) During 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 Reorganization 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, 2014	December 31, 2013
Discount rate	4.10%	4.90%
Measurement date	December 31, 2014	December 31, 2013

The weighted-average assumptions used to determine net periodic benefit cost during each year were as follows:

	Year Ended December 31, 2014	2013	2012

Discount rate	4.90	%	4.21	%	5.05	%
Measurement date	December 31, 2013		December 31, 2012		December 31, 2011	

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The following presents information about the assumed health care cost trend rate:

	Year Ended December 31,	
	2014	2013
Pre-Medicare:		
Health care cost trend rate assumed for next year	7.00 %	6.26 %
Rate to which the cost trend is assumed to decline (the ultimate trend rate)	4.75 %	4.67 %
Year that the rate reaches the ultimate trend rate	2021	2023
Post-Medicare:		
Health care cost trend rate assumed for next year	6.00 %	6.26 %
Rate to which the cost trend is assumed to decline (the ultimate trend rate)	4.75 %	4.67 %
Year that the rate reaches the ultimate trend rate	2021	2023

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]	$4.1	$(3.8)
Effect on total postretirement benefit obligation [1]	$80.6	$(70.3)

(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 11.70 years at January 1, 2015.

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)
2015	$57.2
2016	59.0
2017	59.9
2018	60.4
2019	60.7
Years 2020-2024	297.6

(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 options to eligible former salaried employees in the Peabody Plan that, if accepted, would settle 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,		
	2014	2013	2012
	(Dollars in millions)		
Service cost for benefits earned	$2.1	$2.2	$2.0
Interest cost on projected benefit obligation	45.4	42.2	46.7
Expected return on plan assets	(54.3)	(59.5)	(63.7)
Amortization of prior service cost	1.3	1.0	1.0
Amortization of net actuarial losses	30.2	65.7	48.6
Settlement charge	8.7	—	—
Total net periodic pension cost	$33.4	$51.6	$34.6

The following includes pre-tax amounts recorded in "Accumulated other comprehensive loss":

	Year Ended December 31,		
	2014	2013	2012
	(Dollars in millions)		
Net actuarial loss (gain) arising during year	$79.2	$(133.8)	$67.6
Prior service cost arising during year	—	2.2	—
Amortization:			
Net actuarial loss	(30.2)	(65.7)	(48.6)
Prior service cost	(1.3)	(1.0)	(1.0)
Settlement charge	(8.7)	—	—
Total recorded in other comprehensive loss (income)	$39.0	$(198.3)	$18.0

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, 2015 are $39.6 million and $1.0 million, respectively.

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The following summarizes the change in benefit obligation, change in plan assets and funded status of the Plans:

	December 31,	
	2014	2013
	(Dollars in millions)	
Change in benefit obligation:		
Projected benefit obligation at beginning of period	$947.3	$1,058.6
Service cost	2.1	2.2
Interest cost	45.4	42.2
Benefits paid	(57.2)	(59.1)
Actuarial loss (gain) [1]	106.6	(98.8)
Plan amendments	—	2.2
Settlement	(41.7)	—
Projected benefit obligation at end of period	1,002.5	947.3
Change in plan assets:		
Fair value of plan assets at beginning of period	851.4	813.7
Actual return on plan assets	81.7	94.5
Employer contributions	5.6	2.3
Benefits paid	(57.2)	(59.1)
Settlement	(41.7)	—
Fair value of plan assets at end of period	839.8	851.4
Funded status at end of year	$(162.7)	$(95.9)
Amounts recognized in the consolidated balance sheets:		
Current obligation (included in "Accounts payable and accrued expenses")	$(1.7)	$(1.7)
Noncurrent obligation (included in "Other noncurrent liabilities")	(161.0)	(94.2)
Net amount recognized	$(162.7)	$(95.9)

[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,	
	2014	2013
Discount rate	4.15%	4.95%
Measurement date	December 31, 2014	December 31, 2013

The weighted-average assumptions used to determine net periodic benefit cost during each year were as follows:

	Year Ended December 31,		
	2014	2013	2012
Discount rate	4.95%	4.10%	5.00%
Expected long-term return on plan assets	6.85%	7.75%	8.00%
Measurement date	December 31, 2013	December 31, 2012	December 31, 2011

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, 2015, the Company lowered its expected rate of return on plan assets from 6.85% to 6.25%, reflecting the impact of the Company's asset allocation and capital market expectations.

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The projected benefit obligation and the accumulated benefit obligation exceeded plan assets for all plans as of December 31, 2014 and 2013. The accumulated benefit obligation for all plans was $1,002.5 million and $947.3 million as of December 31, 2014 and 2013, 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 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. In 2013, the Retirement Committees 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. The Company sold equity securities and invested in various fixed income investments throughout 2013 in accordance with its Dynamic Investment Strategy. As of December 31, 2014 and 2013, the Master Trust assets' investment portfolio reflected the Company's target asset mix of 35% equity securities and 65% fixed income investments. Master Trust assets also include funds invested in various real estate properties representing approximately 4% of total Master Trust assets as of December 31, 2014 and 2013. 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 numerous 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 resulting from 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, 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

	December 31, 2013			
	Level 1	Level 2	Level 3	Total
	(Dollars in millions)			
U.S. equity securities	$141.8	$54.2	$—	$196.0
International equity securities	—	80.6	—	80.6
U.S. debt securities	30.6	30.7	—	61.3
International debt securities	—	21.9	—	21.9
Corporate debt securities	—	424.3	—	424.3
Short-term investments	23.9	13.5	—	37.4
Interests in real estate	—	—	29.9	29.9
Total assets at fair value	$196.3	$625.2	$29.9	$851.4

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,	
	2014	2013
	(Dollars in millions)	
Balance, beginning of year	$29.9	$27.8
Realized gains	0.2	0.7
Unrealized gains relating to investments still held at the reporting date	4.9	2.6
Purchases, sales and settlements, net	(4.8)	(1.2)
Balance, end of year	$30.2	$29.9

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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, 2014, the Company contributed $3.9 million and $1.7 million, respectively, to its qualified and non-qualified pension plans. As of December 31, 2014, 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 2015. On August 8, 2014, the Highway and Transportation Funding Act of 2014 (HATFA) was signed into law, which extends pension funding stabilization provisions that were part of the Moving Ahead for Progress in the 21st Century Act of 2012 (MAP-21) passed on July 6, 2012. Under HATFA, the pension funding stabilization provisions temporarily increased the interest rates used to determine pension liabilities for purposes of minimum funding requirements through 2017. Similar to MAP-21, HATFA 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 2017 if current interest rate levels persist. Based upon revised minimum funding requirements in accordance with HATFA, the Company expects to contribute approximately $4.8 million to its pension plans to meet minimum funding requirements for its qualified plans and benefit payments for its non-qualified plans in 2015.
Estimated Future Benefit Payments
The following benefit payments, which reflect expected future service, as appropriate, are expected to be paid by the Master Trust:

	Pension Benefits
	(Dollars in millions)
2015	$62.2
2016	63.0
2017	63.6
2018	64.2
2019	64.1
Years 2020-2024	327.7

Defined Contribution Plans
The Company sponsors employee retirement accounts under three 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 $44.7 million, $46.4 million and $51.1 million for the years ended December 31, 2014, 2013 and 2012, 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, 2014, 2013 and 2012 were $18.3 million, $16.5 million and $22.5 million, respectively.
(17) Stockholders’ Equity
Common Stock
The Company has 800.0 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 the Company. There are no redemption or sinking fund provisions applicable to the common stock.

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PEABODY ENERGY CORPORATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

The following table summarizes common stock activity from January 1, 2012 to December 31, 2014:

	2014	2013	2012
	(In millions)		
Shares outstanding at the beginning of the year	270.1	268.6	271.1
Stock options exercised	—	0.1	0.2
Stock grants to employees	1.3	1.0	1.5
Employee stock purchases	0.5	0.5	0.3
Shares relinquished	(0.2)	(0.1)	(0.3)
Shares repurchased	—	—	(4.2)
Shares outstanding at the end of the year	271.7	270.1	268.6

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, 2014.

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, 2014. 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, 2014.

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, 2014, the Company had made total repurchases of 7.7 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, 2014, 2013 and 2012. The Company's Chairman and Chief Executive Officer had authority to direct the Company to repurchase up to $100.0 million of common stock outside of the share repurchase program. During the second quarter of 2012, the Company utilized existing cash on hand to repurchase 4.2 million shares of outstanding common stock for $99.9 million pursuant to that authority through open-market transactions.

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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 0.2 million, 0.1 million and 0.3 million for the years ended December 31, 2014, 2013 and 2012, 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

The Company has an equity incentive plan for employees and non-employee directors that allows for the issuance of share-based compensation in the form of stock appreciation rights, restricted stock, performance awards, incentive stock options, nonqualified stock options, deferred stock units and restricted stock units. The plan made 14.0 million shares of the Company’s common stock available for grant, with 6.8 million shares available for grant as of December 31, 2014. The Company has two employee stock purchase plans that provide for the purchase of up to 6.0 million shares of the Company’s common stock, with 5.0 million shares authorized for purchase by U.S. employees and 1.0 million shares authorized for purchase by Australian employees.

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,		
	2014	2013	2012
	(Dollars in millions)		
Share-based compensation expense - equity classified awards	$46.1	$50.9	$45.4
Share-based compensation expense - liability classified awards	0.7	—	—
Total share-based compensation expense	46.8	50.9	45.4
Tax benefit	17.3	18.8	16.7
Share-based compensation expense, net of tax benefit	29.5	32.1	28.7
Cash received upon the exercise of stock options and from employee stock purchases	5.5	7.3	9.4
(Write-off) excess tax benefits related to share-based compensation	(8.3)	(4.5)	8.3

As of December 31, 2014, the total unrecognized compensation cost related to nonvested awards was $25.4 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 2014, 2013 and 2012, 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, 2014	Weighted Average Grant-Date Fair Value
Nonvested at December 31, 2013	2,493,046	$34.60
Granted	1,331,077	19.19
Vested	(425,116)	57.59
Forfeited	(211,416)	25.13
Nonvested at December 31, 2014	3,187,591	$25.63

The total fair value of restricted stock awards granted during the years ended December 31, 2014, 2013 and 2012, was $25.5 million, $29.2 million and $44.4 million, respectively. The total fair value of restricted stock awards vested during the years ended December 31, 2014, 2013 and 2012, was $24.5 million, $13.2 million and $19.9 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 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.

A summary of restricted stock unit activity is as follows:

	Year Ended December 31, 2014	Weighted Average Grant-Date Fair Value
Nonvested at December 31, 2013	287,375	$19.50
Granted	218,017	19.48
Vested	(3,261)	23.56
Forfeited	(5,025)	21.40
Nonvested at December 31, 2014	497,106	$19.44

The total fair value of restricted stock units granted during the years ended December 31, 2014 and 2013 was $4.2 million and $7.6 million, respectively. The total fair value of restricted stock units vested during the years ended December 31, 2014 and 2013 was less than $0.1 million and $0.1 million, respectively.

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 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.

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

A summary of outstanding option activity under the plans is as follows:

	Year Ended December 31, 2014	Weighted Average Exercise Price	Weighted Average Remaining Contractual Life	Aggregate Intrinsic Value (in millions)
Options Outstanding at December 31, 2013	2,295,076	$37.32	6.00	$0.5
Granted	1,044,426	19.44		
Exercised	(44,933)	10.22		
Forfeited	(278,556)	36.90		
Options Outstanding at December 31, 2014	3,016,013	$31.57	6.39	$—
Vested and Exercisable	1,594,695	$40.20	4.37	$—

During the years ended December 31, 2014, 2013 and 2012, 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, $0.9 million and $4.2 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,		
	2014	2013	2012
Weighted-average fair value	$7.38	$12.13	$18.59
Risk-free interest rate	1.7%	0.7%	0.9%
Expected option life	5 years	5 years	5 years
Expected volatility	48.4%	64.1%	64.0%
Dividend yield	1.7%	1.2%	0.6%

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 2012 and 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.

A summary of performance unit activity is as follows:

	Year Ended December 31, 2014	Weighted Average Remaining Contractual Life
Nonvested at December 31, 2013	463,317	1.6

Granted	644,412	
Forfeited	(206,808)	
Vested	(150,769)	
Nonvested at December 31, 2014	750,152	1.5

As of December 31, 2014, there were 150,769 performance units vested that had an aggregate intrinsic value of $0.2 million and a conversion price per share of $7.98.

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 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,		
	2014	2013	2012
Risk-free interest rate	0.8 %	0.4 %	0.4 %
Expected volatility	45.3 %	47.3 %	52.8 %
Dividend yield	1.7 %	1.4 %	0.6 %

Employee Stock Purchase Plans

The Company's eligible full-time and part-time employees are 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 are 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 begin on January 1 and July 1 of each year. The Company uses 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 is 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.

Shares purchased under the plans were 0.5 million for each of the years ended December 31, 2014 and 2013, and 0.3 million for the year ended December 31, 2012.

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(19) Accumulated Other Comprehensive (Loss) Income

The following table sets forth the after-tax components of comprehensive (loss) income:

	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 (Loss) Income
	(Dollars in millions)					
December 31, 2011	$3.1	$ (464.9)	$ (9.6)	$335.7	$ (6.7)	$ (142.4)
Net change in fair value	—	—	—	350.4	(15.5)	334.9
Reclassification from other comprehensive income to earnings	—	53.2	2.2	(298.6)	22.5	(220.7)
Current period change	19.1	—	20.1	—	—	39.2
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)

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The following table provides additional information regarding items reclassified out of "Accumulated other comprehensive (loss) income" into earnings during the year ended December 31, 2014:

Details about accumulated other comprehensive (loss) income components	Year Ended December 31, 2014 Amount reclassified from accumulated other comprehensive (loss) income (1) (Dollars in millions)		Year Ended December 31, 2013 Amount reclassified from accumulated other comprehensive (loss) income (1) (Dollars in millions)		Affected line item in the consolidated statement of operations
Net actuarial loss associated with postretirement plans and workers' compensation obligations:					
Postretirement health care and life insurance benefits	$(14.5	)	$(24.1	)	Operating costs and expenses
Postretirement health care and life insurance benefits	—		(61.3	)	Settlement charges related to the Patriot bankruptcy reorganization
Defined benefit pension plans	(24.8	)	(54.4	)	Operating costs and expenses
Defined benefit pension plans	(8.7	)	—		Restructuring and pension settlement charges
Defined benefit pension plans	(5.4	)	(11.3	)	Selling and administrative expenses
Insignificant items	4.1		(1.1	)	
	(49.3	)	(152.2	)	Total before income taxes
	18.3		57.2		Income tax benefit
	$(31.0	)	$(95.0	)	Total after income taxes
Prior service credit (cost) associated with postretirement plans:					
Postretirement health care and life insurance benefits	$(1.3	)	$1.7		Operating costs and expenses
Postretirement health care and life insurance benefits	—		(1.9	)	Settlement charges related to the Patriot bankruptcy reorganization
Defined benefit pension plans	(1.3	)	(1.0	)	Operating costs and expenses
	(2.6	)	(1.2	)	Total before income taxes
	0.9		0.5		Income tax benefit
	$(1.7	)	$(0.7	)	Total after income taxes
Cash flow hedges:					
Foreign currency forward contracts	$(27.3	)	$162.4		Operating costs and expenses
Fuel and explosives commodity swaps	(22.3	)	11.4		Operating costs and expenses
Coal trading commodity futures, swaps and options	63.9		130.6		Other revenues
Insignificant items	(0.4	)	(0.5	)	

	13.9	303.9	Total before income taxes
	(3.7)	(94.3)	Income tax provision
	$10.2	$209.6	Total after income taxes
Available-for-sale securities:			
Debt securities	$—	$0.2	Interest income
Equity securities	(4.7)	(21.5)	Asset impairment and mine closure costs
	(4.7)	(21.3)	Total before income taxes
	1.8	8.5	Income tax benefit
	$(2.9)	$(12.8)	Total after income taxes

(1) Presented as gains (losses) in the consolidated statements of operations.

Comprehensive (loss) income differs from net (loss) income 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 Reorganization 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

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

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 and Mine Closure Costs." Accordingly, there was no gain or loss recognized on the disposal during the year ended December 31, 2014.

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.

In 2013, the Company received proceeds of $70.0 million and recognized a gain of $40.3 million for a similar transaction related to non-strategic coal reserves and surface lands located in Kentucky.

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.

Acquisition

Included in the Company's acquisition of PEA-PCI was a receivable from MCG Coal Holdings Pty Ltd (MCGH) that was initially measured based on the amount PEA-PCI loaned to MCGH. PEA-PCI had previously agreed to convert its receivable for a 90% equity interest in MCGH. The transaction was initially expected to be completed in May 2011. However, non-performance by a third party to the transaction resulted in PEA-PCI commencing litigation. The original loan balance was classified as a receivable pending the outcome of the legal proceedings. The loan receivable was subsequently adjusted downward during the measurement period based on the completion of a third-party valuation appraisal on the underlying net assets of MCGH, which were substantially comprised of mineral rights. In

January 2012, the court ruled that the outstanding loan balance be converted to a 90% equity interest in MCGH, resulting in consolidation of MCGH and recognition of noncontrolling interests of $39.0 million at conversion. In June 2012, the Company acquired the remaining noncontrolling interests in MCGH for total consideration of $49.8 million. This acquisition was accounted for as an equity transaction as the Company previously maintained control of MCGH. Accordingly, the Company recorded a decrease to additional paid-in capital of $10.8 million related to this transaction, representing the difference between the consideration paid and the carrying value. As described in the foregoing "Divestitures" section, the Company completed the sale of the related exploration tenement in January 2014.

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(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 3.2 million, 2.3 million and 1.2 million for the years ended December 31, 2014, 2013 and 2012, 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:

	Year Ended December 31,		
	2014	2013	2012
	(In millions, except per share amounts)		
EPS numerator:			
Loss from continuing operations, net of income taxes	$(749.1)	$(286.0)	$(470.9)
Less: Net income attributable to noncontrolling interests	9.7	12.3	10.6
Loss from continuing operations attributable to common stockholders, before allocation of earnings to participating securities	(758.8)	(298.3)	(481.5)
Less: Earnings allocated to participating securities	1.0	0.8	0.7
Loss from continuing operations attributable to common stockholders, after allocation of earnings to participating securities	(759.8)	(299.1)	(482.2)
Loss from discontinued operations attributable to common stockholders, after allocation of earnings to participating securities	(28.2)	(226.6)	(104.2)
Net loss attributable to common stockholders, after earnings allocated to participating securities	$(788.0)	$(525.7)	$(586.4)

EPS denominator:			
Weighted average shares outstanding — basic and diluted	268.1	267.1	268.0
Basic and diluted EPS attributable to common stockholders:			
Loss from continuing operations	$(2.83)	$(1.12)	$(1.80)
Loss from discontinued operations	(0.11)	(0.85)	(0.39)
Net loss attributable to common stockholders	$(2.94)	$(1.97)	$(2.19)

(22) Management — Labor Relations

On December 31, 2014, the Company had approximately 8,300 employees worldwide, excluding those employees that were employed at operations classified as discontinued operations and including approximately 6,000 hourly employees. Approximately 39% of those hourly employees were represented by organized labor unions and were employed by mines that generated 20% of the Company's 2014 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, 2014 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 (2)(3)	August 2014
North Wambo Underground (2)(3)	April 2015
North Goonyella (3)	May 2015
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 9% 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, 2014.

(2) Employees of the Company's Wambo Coal Handling and Preparation Plant facility also operate under a separate enterprise agreement. That agreement expired in October 2014 and negotiations are underway. There have been no disruptions to the operations of the plant as a result of the expiration of the agreement.

(3) Negotiations for the Wambo Open-Cut, North Wambo Underground, North Goonyella, Metropolitan and Millennium mines are all underway or have been scheduled and the mines continue to operate. Hourly employees of these mines comprise approximately 56% of the Company's Australian subsidiaries hourly employees, who generated approximately 42% of the Company's Australian production during the year ended December 31, 2014.

(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 and negotiations are underway. There have been no disruptions to the operations of the plant as a result of the expiration of the agreement.

(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, 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. In the Company’s past experience, virtually no claims have been made against these financial instruments. As of February 25, 2015, 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, 2014.

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Financial Instruments with Off-Balance Sheet Risk

As of December 31, 2014, the Company had the following financial instruments with off-balance-sheet risk:

	Reclamation Obligations	Coal Lease Obligations	Workers' Compensation Obligations	Other[1]	Total
	(Dollars in millions)				
Self bonding	$1,361.4	$—	$—	$—	$1,361.4
Surety bonds	325.2	103.8	92.3	11.4	532.7
Bank guarantees	319.8	—	—	117.4	437.2
Letters of credit	17.6	—	34.1	100.9	152.6
	$2,024.0	$103.8	$126.4	$229.7	$2,483.9

(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 $150.0 million in bank guarantees, letters of credit and surety bonds related to road maintenance, performance guarantees and other operations.

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, and which are supported by letters of credit from a commercial bank. As of December 31, 2014, 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, 2014. 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.

As of December 31, 2014, the Company's wholly-owned captive insurance subsidiary was party to a letter of credit arrangement for $22.7 million in relation to certain of its workers' compensation and other insurance-related obligations whereby that subsidiary has pledged $32.6 million of its investments in debt securities as collateral. This arrangement reduces the letters of credit drawn on the Company's 2013 Credit Facility and effectively lowers the fees associated with the related letters of credit.

Patriot Bankruptcy Reorganization

Refer to Note 25. "Matters Related to the Bankruptcy Reorganization of Patriot Coal Corporation" for a discussion of certain credit support provided to Patriot as part of the settlement agreement related to its emergence from bankruptcy, which support included $81.4 million of surety bonds and $22.4 million of letters of credit included in the table above, in addition to $18.4 million of corporate guarantees to Patriot beneficiaries as of December 31, 2014.

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, 2014, the Company had $204.0 million remaining capacity available under the securitization program, net of outstanding letters of credit and amounts drawn. 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 for working capital. The securitization program will expire in April 2016.

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, 2014, the Company received total consideration of $4,257.2 million related to accounts receivable sold under the securitization program, including $2,775.5 million of cash up front from the sale of the receivables, an additional $1,272.3 million of cash upon the collection of the underlying receivables and $209.4 million that had not been collected at December 31, 2014 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 $30.0 million and $100.0 million at December 31, 2014 and 2013, 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 $1.5 million, $1.5 million and $2.0 million for the years ended December 31, 2014, 2013 and 2012, respectively.

Other

Included in "Other noncurrent liabilities" in the Company's consolidated balance sheets as of December 31, 2014 and 2013 is a liability of $44.7 million and $45.6 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, 2014, purchase commitments for capital expenditures were $42.7 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 three east coast coal export terminals that are primarily funded through take-or-pay arrangements with terms ranging up to 25 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, 2014, these Australian and U.S. commitments under take-or-pay arrangements totaled $2,827.2 million, of which $329.5 million is obligated within the next year.

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, 2014, 2013 and 2012 pursuant to the two associated federal coal leases, with remaining annual payments of $247.9 million due in each of the next two years.

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. An aggregate of $21.3 million was received from Alpha during the year ended December 31, 2012 for the reimbursement payment and first and second true up payments. The third and fourth true-up payments were received in 2013 and 2014, respectively. The one remaining true up payment is due from Alpha on November 1, 2015. Those cash receipts are classified in "Proceeds from disposal of assets, net of notes receivable" in the consolidated statement of cash flows.

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 and that there is no individual case pending that is likely to have a material adverse effect on the Company’s financial condition, results of operations or cash flows. 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

Monto Coal Pty Limited, Monto Coal 2 Pty Ltd Limited and Macarthur Coal Limited. In October 2007, a statement of claim was delivered to 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 Monto Coal Pty Ltd breached the Monto Coal Management Agreement. 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 Monto Coal Pty Ltd to breach the Monto Coal Joint Venture Agreement and the Monto Coal Management Agreement, respectively. These actions, which are pending before the Supreme Court of Queensland, Australia, seek damages from the three defendants collectively of $1,193.2 million 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. However, based on current information, the Company believes these claims are likely to be finalized without a material adverse effect on its financial condition, results of operations or cash flows.

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 is 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 has filed an application for leave to appeal the ruling to the High Court of Australia. It is expected the application for leave to appeal to the High Court will be heard in the first quarter of 2015.

Based on the results of the Court of Appeals proceedings, the Company reclassified the security posted with the court and the amount of dividends payable from "Cash and cash equivalents" and "Noncontrolling interests," respectively, as presented in the consolidated balance sheet as of December 31, 2013, to "Other current assets" and "Accounts payable and accrued expenses," respectively, in the consolidated balance sheet as of December 31, 2014. Amounts recorded included an aggregate liability of $50.1 million related to the dividends payable and related accrued interest in "Accounts payable and accrued expenses" in the consolidated balance sheet as of December 31, 2014. The Company reflected the portion of the reclassified security posted with the court related to dividends within the "Cash Flows From Financing Activities" section of the consolidated statement of cash flows for the year ended December 31, 2014.

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. On March 18, 2014, the arbitrator awarded Eagle damages on some of its claims in the total amount of $23.4 million. In December 2013, prior to the arbitration hearing, the Company subsidiary established a reserve in the amount of $7.8 million, which amount represented the low end of the Company's previous estimated range of loss associated with the matter. The difference between the Company’s reserve amount and the amount of the award was primarily due to damages that were awarded on one of the claims at the high end of the Company’s previous estimated range of loss, and that were awarded on another claim for which the Company initially determined the probability of loss to be remote. As a result of the damages awarded to Eagle in arbitration, the Company recorded an additional charge of $15.6 million in "Operating costs and expenses" in the consolidated statement of operations for the year ended December 31, 2014. 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.

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.

Queensland Bulk Handling Pty Ltd. On June 30, 2014, Queensland Bulk Handling Pty Ltd (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 Coal Port Services Agreement between the parties. QBH originally sought damages of $113.1 million Australian dollars, plus interest and costs. QBH, however, later altered its claim and is no longer seeking a specific monetary award, but rather a declaration that the Company subsidiary had exercised an option to renew the contract for a further term. The Company believes that its subsidiary has strong legal defenses to this claim, and will defend its interests vigorously in this proceeding. The Company further believes this claim is likely to be resolved without a material adverse effect on its financial condition, results of operations or cash flows.

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.

Environmental Claims and Litigation

Claims 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 five national priority list sites based on the Comprehensive Environmental Response, Compensation and Liability Act (CERCLA). CERCLA claims were asserted at 13 additional sites, bringing the total to 18, which have since been reduced to 8 by completion of work, 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 $69.4 million as of December 31, 2014 and $63.8 million as of December 31, 2013, $19.4 million and $18.3 million of which 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 New York Office of the Attorney General (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 and the Company is in the process of complying with that request.

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.

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 Reorganization of Patriot Coal Corporation

Claims and Litigation

On October 31, 2007, the Company spun-off companies that constituted portions of its former Eastern U.S. Mining operations business segment to form Patriot. The spin-off included eight company-operated mines, two majority-owned joint venture mines and numerous contractor-operated mines serviced by eight coal preparation facilities, along with 1.2 billion tons of proven and probable coal reserves. On July 9, 2012, Patriot and certain of its wholly-owned subsidiaries filed voluntary petitions for reorganization under Chapter 11 of the U.S. Code in the U.S. Bankruptcy Court for the Southern District of New York. The case was subsequently moved to the U.S. Bankruptcy Court for the Eastern District of Missouri.

On March 14, 2013, Patriot filed a motion in its bankruptcy proceeding seeking authority to reject its collective bargaining agreements under section 1113 of the Bankruptcy Code and change its obligation to pay benefits it provided to certain of its retirees pursuant to section 1114 of the Bankruptcy Code and transferring the obligation to a Voluntary Employee Benefit Association (VEBA). At the same time, Patriot also filed a declaratory judgment complaint against the Company and one of its subsidiaries seeking a declaration that Section 1(d) of the NBCWA Individual Employer Plan Liabilities Assumption Agreement dated October 22, 2007 (NBCWA Agreement) would not apply to reduce the subsidiary's healthcare benefits funding obligations if Patriot were to be successful under the bankruptcy code in changing the benefits it is required to pay to certain of its retirees under its labor agreements. On April 5, 2013, Patriot filed a motion for summary judgment with respect to the declaratory judgment complaint. After hearing both motions, the Court granted Patriot's section 1113/1114 motion and, on its own accord, granted the Company summary judgment on the declaratory judgment complaint. After the United Mine Workers of America (UMWA) appealed the Court's ruling on the section 1113/1114 motion, Patriot and the UMWA entered into new labor agreements pursuant to which the UMWA agreed to dismiss its appeal upon satisfaction of certain conditions. Patriot appealed the Court's grant of the summary judgment motion in the Company's and its subsidiary's favor, which an appellate court reversed. The Company and its subsidiary appealed the reversal to the United States Court of Appeals for the Eighth Circuit and filed a counterclaim in the declaratory judgment action against Patriot and the UMWA seeking a declaration that the subsidiary's healthcare benefits funding obligation would reduce to zero when one of Patriot's subsidiary's obligation to pay for retiree healthcare benefits reduced to zero under the terms of the new labor agreements. Patriot and the Official Committee of Unsecured Creditors of Patriot Coal Corporation issued discovery requests to the Company pursuant to Rule 2004 of the Federal Rules of Bankruptcy Procedure. In connection with the settlement discussed below, the 2004 discovery was suspended and subsequently halted permanently, and the adversary proceeding and related appeal in the Patriot bankruptcy case were voluntarily dismissed with prejudice.

On October 4, 2013, the Company reached a preliminary agreement with Patriot and the UMWA, on behalf of itself, its represented Patriot employees (UMWA Employees) and its represented Patriot retirees (UMWA Retirees), to resolve all issues related to Patriot’s bankruptcy. On October 25, 2013, the parties entered into a definitive settlement agreement. On November 7, 2013, the bankruptcy court approved that agreement. On December 17, 2013, the bankruptcy court confirmed Patriot's plan of reorganization, and on December 18, 2013, Patriot closed on its exit financing and notified the bankruptcy court that the plan of reorganization had become effective. Upon Patriot's plan of reorganization becoming effective, the Company's settlement agreement with Patriot and the UMWA, on behalf of itself, the UMWA Employees and the UMWA Retirees, also became effective.

Under the terms of the settlement agreement, the Company is required to provide total payments of $310.0 million to partially fund the newly established 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 subsequent payments to be paid to the VEBA of 75.0 million in 2015, $75.0 million in 2016 and $70.0 million in 2017. The Company’s and its subsidiary's obligations under the NBCWA Agreement have been deemed satisfied, and that agreement was terminated on December 18, 2013, the effective date of the settlement. Upon settlement, the Company had $260.7 million recorded in accumulated postretirement healthcare benefit obligations to Patriot on account of certain Patriot retirees under the NBCWA Agreement, with $63.2 million of actuarial losses and prior service costs related to the NBCWA Agreement obligations included in "Accumulated other comprehensive loss."

As part of the settlement agreement, the Company provided $141.5 million of credit support to Patriot at the time the agreement became effective, of which $122.2 million remained outstanding as of December 31, 2014. At that date, $81.4 million of this credit support took the form of surety bonds issued for the benefit of Patriot beneficiaries, $22.4 million of this credit support took the form of letters of credit issued for the benefit of Patriot beneficiaries and $18.4 million of this credit support took the form of corporate guarantees to Patriot beneficiaries. A total of $50.7 million of the credit support (all in the form of surety bonds) relates to Patriot's Coal Act obligations that the Company agreed to fund at the time of the Patriot spin-off pursuant to the Coal Act Liabilities Assumption Agreement and to Patriot's Federal Black Lung obligations. Approximately $85.0 million of the total credit support ends in 2018. Upon settlement, the Company recorded a liability of $28.0 million related to the credit support, which was measured using unobservable Level 3 inputs under the fair value hierarchy to determine the cost to acquire such support. In spite of the subsequent reduction in credit support outstanding, the Company increased its recorded liability to $57.6 million as of December 31, 2014 due to a credit downgrade of Patriot issued by one of the major credit rating agencies in the fourth quarter of 2014.

Per the terms of the settlement agreement, the Company also provided an extension of a coal terminaling agreement through March 2016 at a reduced price equal to the Company's estimated cost of providing the terminaling capacity.

As of December 18, 2013, the effective date of the settlement, Patriot assumed (1) the agreements executed in connection with the Patriot spin-off, including Patriot's indemnification obligations contained therein (subject to certain specified exceptions) and (2) all other agreements entered into by Patriot and the Company prior to the bankruptcy filing and not previously assumed, rejected, terminated or expired.

In connection with the settlement agreement, effective as of December 18, 2013, Patriot, the UMWA, the UMWA Employees and the UMWA Retirees released the Company and its subsidiaries and affiliates and their current and former professionals, employees, advisors, officers, directors, insurers and agents (Peabody Released Parties) from all Causes of Action (as defined in the settlement agreement). In addition, Patriot included the Peabody Released Parties in the third-party release, exculpation and injunction provisions contained in the Patriot plan of reorganization to the extent permitted by law, and the UMWA did not object to any such releases.

At the time the settlement became effective, the Company recognized settlement charges totaling $128.6 million allocated between: (1) a charge of $30.6 million related to settlement of the accumulated postretirement healthcare benefit obligations of certain Patriot retirees under the NBCWA Agreement and (2) a charge to discontinued operations of $98.0 million related to the settlement of other claims involving the Patriot bankruptcy. The allocation of the settlement was based on the construct of the negotiated settlement whereby Patriot was paid $70.0 million and provided with the credit support, recorded as a liability at its initial fair value of $28.0 million, and modified coal terminaling arrangement discussed above. A total of $240.0 million is to be paid to the VEBA through 2017 to settle the accumulated postretirement healthcare benefit obligations, of which $20.0 million was paid in January 2014. At December 31, 2014 and 2013, the Company's consolidated balance sheet reflected total liabilities of $271.8 million and $326.1 million, respectively, related to the settlement, representing the net present value of the payments due through 2017 to Patriot and the VEBA remaining at each date and the fair value of the liability related to the credit support provided to Patriot.

On October 23, 2012, eight individual plaintiffs and the UMWA filed a putative class action lawsuit in the U.S. District Court for the Southern District of West Virginia against the Company, one of its subsidiaries and an unrelated coal company (Lowe et al. v. Peabody Holding Company, LLC, et al.). The lawsuit sought to have the court obligate the defendants to maintain certain Patriot benefit plans at their current levels and to find the defendants' actions in violation of the Employee Retirement Income Security Act of 1974. On January 7, 2013, the Company defendants filed a motion to dismiss the complaint for failure to state a claim upon which relief can be granted. The plaintiffs thereafter amended their complaint to include new allegations and name two more individuals as plaintiffs. The Company defendants updated their motion to dismiss to respond to the new allegations and filed it with the Court. On

September 27, 2013, the Court granted the Company defendants' motion to dismiss, and plaintiffs appealed the dismissal to the United States Court of Appeals for the Fourth Circuit. On December 20, 2013, after the effective date of the settlement agreement discussed above, the parties filed a joint stipulation with the Court dismissing the appeal as to the Company defendants with prejudice.

Off-Balance Sheet Arrangements

Patriot has approximately $150 million in 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. At the time of the spin-off, Patriot indemnified the Company against any claim relating to these liabilities, including 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 described above, which became effective upon Patriot's emergence from bankruptcy on December 18, 2013, included Patriot’s affirmance of the indemnity relating to such black lung liabilities.

If Patriot does not pay the black lung liabilities in the future, the DOL would first look to Patriot and any related credit support for payment before asserting any claims against the Company. While Patriot has agreed to indemnify the Company against any such claims by the DOL, the Company could be responsible for those liabilities if Patriot were not able to fund such indemnification.

(26) Summary of Quarterly Financial Information (Unaudited)

A summary of the unaudited quarterly results of operations for the years ended December 31, 2014 and 2013 is presented below.

	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]	$(0.18)	$(0.28)	$(0.58)	$(1.79)
Weighted average shares used in calculating basic and diluted EPS	267.9	268.0	268.2	268.2

[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 and mine closure 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 $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.

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PEABODY ENERGY CORPORATION
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

	Year Ended December 31, 2013			
	First Quarter	Second Quarter	Third Quarter	Fourth Quarter
	(In millions, except per share data)			
Revenues	$1,748.0	$1,725.3	$1,797.6	$1,742.8
Operating profit (loss)	88.8	26.4	112.2	(552.2)
(Loss) income from continuing operations, net of income taxes	(10.3)	101.4	24.0	(401.1)
Net (loss) income	(19.4)	87.1	(19.1)	(561.2)
Net (loss) income attributable to common stockholders	(23.4)	90.3	(26.1)	(565.7)
Basic EPS — continuing operations[(1)]	$(0.05)	$0.39	$0.06	$(1.52)
Diluted EPS — continuing operations[(1)]	(0.05)	0.39	0.06	(1.52)
Weighted average shares used in calculating basic EPS	266.9	266.9	267.2	267.3
Weighted average shares used in calculating diluted EPS	266.9	267.5	267.7	267.3

(1) EPS for the quarters may not sum to the amounts for the year as each period is computed on a discrete basis.

Operating profit (loss) for the fourth quarter of 2013 included $30.6 million of charges associated with the settlement of claims and litigation related to the Patriot bankruptcy reorganization. Operating profit (loss) for the second quarter of 2013 included a $20.6 million charge related to the Gulf Power litigation. Operating profit (loss) for the second and fourth quarter of 2013 reflected $21.5 million and $506.8 million, respectively, of asset impairment and mine closure costs. (Loss) income from continuing operations, net of income taxes, for the first, second and third quarters of 2013 included aggregate losses on early debt extinguishment of $0.9 million, $4.5 million and $11.5 million, respectively, related to first and second quarter voluntary debt repayments and repurchases and the third quarter execution of the 2013 Credit Facility refinancing. (Loss) income from continuing operations, net of income taxes, for the second quarter of 2013 included $6.9 million in prejudgment interest attributable to the Gulf Power litigation. (Loss) income from continuing operations, net of income taxes, for the fourth quarter of 2013 included the $11.3 million tax effect of the aforementioned settlement related to Patriot's bankruptcy reorganization. (Loss) income from continuing operations, net of income taxes, for the fourth quarter of 2013 reflected a net tax benefit of $112.8 million related to asset impairment and mine closure costs. (Loss) income from continuing operations, net of income taxes, for all quarters in 2013 included the impact of the remeasurement of non-U.S. income tax accounts, which amounted to additional tax expense of $1.6 million in the first quarter of 2013 and a tax benefit of $37.1 million, $2.6 million and $6.2 million in the second, third and fourth quarters of 2013, respectively. Net (loss) income for the fourth quarter of 2013 included $61.8 million of after-tax charges recorded in loss from discontinued operations related to the settlement agreement reached with Patriot. Net (loss) income for the third and fourth quarter of 2013 reflected $32.4 million and $42.5 million, respectively, of after-tax asset impairment and mine closure costs related to a discontinued operation.

(27) Segment and Geographic Information

The Company reports its operations primarily through the following reportable segments: "Western U.S. Mining," "Midwestern U.S. Mining," "Australian Mining," "Trading and Brokerage" and "Corporate and Other."

The Company's Western U.S. Mining operations reflect the aggregation of the Powder River Basin, Southwest and Colorado mining operations. The mines in that segment are characterized by predominantly 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). Geologically, Western operations mine bituminous and sub-bituminous coal deposits, and Midwestern operations mine bituminous coal deposits. The principal business of the Western and Midwestern U.S. Mining segments is the mining, preparation and sale of thermal coal, sold primarily to electric utilities in the U.S., with a portion sold into the seaborne markets.

The Company's Australian Mining operations consist of its mines in Queensland and New South Wales, Australia. The mines in that segment are characterized by both surface and underground extraction processes, mining various qualities of metallurgical (low-sulfur, high Btu coal) and thermal coal. The metallurgical coal qualities include hard coking coal, semi-hard coking coal, semi-soft coal and pulverized coal injection coal. The business of the Company's Australian Mining operations are 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 the demand for electricity, the demand for steel, the strength of the global economy and several other factors, including those specific to each country.

The Company's Trading and Brokerage segment brokers coal sales of other coal producers both as principal and agent, and trades coal and freight-related contracts. Corporate and Other, includes selling and administrative expenses, mining and export/transportation joint ventures, restructuring and pension settlement charges and activities associated with the optimization of our coal reserve and real estate holdings, the closure of inactive mining sites and certain energy-related commercial matters.

The Company's chief operating decision maker uses Adjusted EBITDA as the primary measure of segment profit and loss. Beginning with this report, the Company modified its definition of Adjusted EBITDA to also exclude the impact of changes in deferred tax asset valuation allowance related to equity affiliates because the Company believes that doing so is useful in comparing its 2014 results with those of prior periods. Also beginning in 2014, the Company modified its expense allocation practices to exclude restructuring and pension settlement charges from its Australian Mining, Western U.S. Mining, Midwestern U.S. Mining and Trading and Brokerage segment results because it believes such items do not reflect the core operating performance of those segments. Accordingly, such charges are now entirely reflected in the Corporate and Other segment. Segment results from prior periods have been reclassified to conform to the 2014 presentation. The Company defines Adjusted EBITDA as (loss) income from continuing operations before deducting net interest expense; income taxes; asset retirement obligation expenses, 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.

Segment results for the year ended December 31, 2014 were as follows (assets as of December 31, 2014):

	Western U.S. Mining	Midwestern U.S. Mining	Australian Mining	Trading and Brokerage	Corporate and Other	Consolidated
	(Dollars in millions)					
Revenues	$2,825.7	$1,198.1	$2,671.8	$58.4	$38.2	$6,792.2
Adjusted EBITDA	770.4	301.4	74.4	14.9	(347.1)	814.0
Total assets	3,431.3	667.8	6,623.9	300.7	2,167.4	13,191.1
Property, plant, equipment and mine development, net	3,127.8	612.1	5,503.7	1.1	1,332.6	10,577.3
Additions to property, plant, equipment and mine development	37.9	57.4	84.1	—	15.0	194.4
Federal coal lease expenditures	276.7	—	—	—	—	276.7
Loss from equity affiliates	—	—	—	—	107.6	107.6

Segment results for the year ended December 31, 2013 were as follows (assets as of December 31, 2013):

	Western U.S. Mining	Midwestern U.S. Mining	Australian Mining	Trading and Brokerage	Corporate and Other	Consolidated
	(Dollars in millions)					
Revenues	$2,669.6	$1,335.5	$2,904.6	$66.0	$38.0	$7,013.7
Adjusted EBITDA	698.3	428.3	316.6	(19.9)	(376.1)	1,047.2
Total assets	3,307.6	716.8	7,081.2	389.6	2,638.2	14,133.4
Property, plant, equipment and mine development, net	2,986.8	667.6	5,947.1	1.8	1,479.2	11,082.5
Additions to property, plant, equipment and mine development	48.0	27.2	230.3	0.1	22.8	328.4
Federal coal lease expenditures	276.8	—	—	—	—	276.8

Loss from equity affiliates	—	—	—	—	40.2	40.2

Segment results for the year ended December 31, 2012 were as follows (assets as of December 31, 2012):

	Western U.S. Mining	Midwestern U.S. Mining	Australian Mining	Trading and Brokerage	Corporate and Other	Consolidated
	(Dollars in millions)					
Revenues	$2,949.3	$1,403.7	$3,503.6	$199.9	$21.0	$8,077.5
Adjusted EBITDA	832.8	427.0	938.9	119.7	(481.9)	1,836.5
Total assets	3,257.9	728.5	7,990.8	543.9	3,287.9	15,809.0
Property, plant, equipment and mine development, net	2,896.1	707.5	6,595.5	1.6	1,601.0	11,801.7
Additions to property, plant, equipment and mine development	121.4	74.7	743.4	0.1	46.4	986.0
Federal coal lease expenditures	276.5	—	—	—	—	276.5
Loss from equity affiliates	—	—	—	—	61.2	61.2

A reconciliation of Adjusted EBITDA to consolidated loss from continuing operations, net of income taxes follows:

	Year Ended December 31, 2014	2013	2012
	(Dollars in millions)		
Total Adjusted EBITDA	$814.0	$1,047.2	$1,836.5
Depreciation, depletion and amortization	(655.7)	(740.3)	(663.4)
Asset retirement obligation expenses	(81.0)	(66.5)	(67.0)
Asset impairment and mine closure costs	(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	(52.3)	—	—
Amortization of basis difference related to equity affiliates	(5.7)	(6.3)	(4.6)
Interest expense	(428.2)	(425.2)	(405.6)
Interest income	15.4	15.7	24.5
Income tax (provision) benefit	(201.2)	448.3	(262.3)
Loss from continuing operations, net of income taxes	$(749.1)	$(286.0)	$(470.9)

The following table presents revenues as a percent of total revenue from external customers by geographic region:

	Year Ended December 31, 2014	2013	2012
U.S.	59.5 %	61.1 %	55.4 %
Japan	9.5 %	9.8 %	12.3 %
China	6.1 %	10.2 %	6.8 %
South Korea	5.2 %	3.8 %	5.8 %
Other	19.7 %	15.1 %	19.7 %
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 7.375% Senior Notes due November 2016, the 6.00% Senior Notes due November 2018, the 6.50% Senior Notes due September 2020, the 6.25% Senior Notes due November 2021 and the 7.875% Senior Notes due November 2026 (collectively 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 (1) 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, (2) a sale or other disposition, by way of merger, consolidation or otherwise, of all of the capital stock of such Guarantor Subsidiary, and (3) 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, 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 or exchange of assets	—	(18.5)	(22.9)	—	(41.4)
Asset impairment and mine closure costs	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	424.7	6.4	34.6	(37.5)	428.2
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 or exchange of assets	—	(52.6)	—	—	(52.6)
Asset impairment and mine closure costs	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	420.8	244.5	169.0	(409.1)	425.2
(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 OPERATIONS

	Year Ended December 31, 2012				
	Parent Company	Guarantor Subsidiaries	Non-Guarantor Subsidiaries	Eliminations	Consolidated
	(Dollars in millions)				
Total revenues	$—	$ 4,571.3	$ 3,738.4	$ (232.2)	$ 8,077.5
Costs and expenses					
Operating costs and expenses (exclusive of items shown separately below)	(395.2)	3,344.1	3,216.0	(232.2)	5,932.7
Depreciation, depletion and amortization	—	315.6	347.8	—	663.4
Asset retirement obligation expenses	—	42.9	24.1	—	67.0
Selling and administrative expenses	38.7	199.7	30.4	—	268.8
Other operating (income) loss:					
Net gain on disposal or exchange of assets	—	(14.7)	(2.4)	—	(17.1)
Asset impairment and mine closure costs	35.5	86.8	806.7	—	929.0
Loss from equity affiliates and investment in subsidiaries	720.0	12.5	48.7	(720.0)	61.2
Interest expense	413.9	13.9	475.6	(497.8)	405.6
Interest income	(309.8)	(149.1)	(63.4)	497.8	(24.5)
Unrealized (gain) loss on derivatives	—	(35.3)	35.3	—	—
(Loss) income from continuing operations before income taxes	(503.1)	754.9	(1,180.4)	720.0	(208.6)
Income tax provision	80.2	105.8	76.3	—	262.3
(Loss) income from continuing operations, net of income taxes	(583.3)	649.1	(1,256.7)	720.0	(470.9)
Loss from discontinued operations, net of income taxes	(2.4)	(82.2)	(19.6)	—	(104.2)
Net (loss) income	(585.7)	566.9	(1,276.3)	720.0	(575.1)
Less: Net income attributable to noncontrolling interests	—	—	10.6	—	10.6
Net (loss) income attributable to common stockholders	$ (585.7)	$ 566.9	$ (1,286.9)	$ 720.0	$ (585.7)

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) income, 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)
Less: 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)
Less: 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	—	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)
Less: Reclassification for realized losses (gains) included in net 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)
Less: Reclassification for realized gains included in net 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	—	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 STATEMENTS OF COMPREHENSIVE INCOME

	Year Ended December 31, 2012				
	Parent Company	Guarantor Subsidiaries	Non-Guarantor Subsidiaries	Eliminations	Consolidated
	(Dollars in millions)				
Net (loss) income	$(585.7)	$566.9	$ (1,276.3)	$720.0	$ (575.1)
Other comprehensive income, net of income taxes:					
Net change in unrealized gains (losses) on available-for-sale securities (net of $4.0 tax provision)					
Unrealized holding losses on available-for-sale securities	(15.5)	—	—	—	(15.5)
Less: Reclassification for realized losses included in net income	22.5	—	—	—	22.5
Net change in unrealized gains on available-for-sale securities	7.0	—	—	—	7.0
Net unrealized losses on cash flow hedges (net of $3.9 tax benefit)					
Increase in fair value of cash flow hedges	205.9	—	144.5	—	350.4
Less: Reclassification for realized gains included in net income	(249.1)	—	(49.5)	—	(298.6)
Net unrealized (losses) gains on cash flow hedges	(43.2)	—	95.0	—	51.8
Postretirement plans and workers' compensation obligations (net of $43.9 tax provision)					
Prior service cost for the period	—	20.1	—	—	20.1
Net actuarial (loss) gain for the period	—	(0.9)	0.9	—	—
Amortization of actuarial loss and prior service cost	—	54.5	0.9	—	55.4
Postretirement plans and workers' compensation obligations	—	73.7	1.8	—	75.5
Foreign currency translation adjustment	—	—	19.1	—	19.1
Other comprehensive income from investment in subsidiaries	189.6	—	—	(189.6)	—
Other comprehensive income, net of income taxes	153.4	73.7	115.9	(189.6)	153.4
Comprehensive (loss) income	(432.3)	640.6	(1,160.4)	530.4	(421.7)
Less: Comprehensive income attributable to noncontrolling interests	—	—	10.6	—	10.6
Comprehensive (loss) income attributable to common stockholders	$(432.3)	$640.6	$ (1,171.0)	$530.4	$ (432.3)

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 maturities 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 maturities	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’s 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 BALANCE SHEETS

	December 31, 2013				
	Parent Company	Guarantor Subsidiaries	Non-Guarantor Subsidiaries	Reclassifications/ Eliminations	Consolidated
		(Dollars in millions)			
Assets					
Current assets					
Cash and cash equivalents	$300.7	$0.3	$ 143.0	$ —	$ 444.0
Accounts receivable, net	1.3	—	559.1	(2.5)	557.9
Receivables from affiliates, net	68.4	—	—	(68.4)	—
Inventories	—	235.1	271.6	—	506.7
Assets from coal trading activities, net	—	46.7	—	(10.6)	36.1
Deferred income taxes	—	61.9	6.4	(1.9)	66.4
Other current assets	34.5	73.7	273.4	—	381.6
Total current assets	404.9	417.7	1,253.5	(83.4)	1,992.7
Property, plant, equipment and mine development, net	—	5,055.7	6,026.8	—	11,082.5
Deferred income taxes	16.5	—	7.8	(16.5)	7.8
Investments and other assets	11,394.9	8.8	762.6	(11,115.9)	1,050.4
Notes receivable from affiliates, net	—	1,433.0	—	(1,433.0)	—
Total assets	$11,816.3	$6,915.2	$ 8,050.7	$ (12,648.8)	$ 14,133.4
Liabilities and Stockholders' Equity					
Current liabilities					
Current maturities of long-term debt	$12.0	$0.1	$ 19.6	$ —	$ 31.7
Payables to affiliates, net	—	10.4	58.0	(68.4)	—
Deferred income taxes	1.9	—	—	(1.9)	—
Liabilities from coal trading activities, net	—	0.2	16.5	(10.6)	6.1
Accounts payable and accrued expenses	360.0	601.4	805.1	(2.5)	1,764.0
Total current liabilities	373.9	612.1	899.2	(83.4)	1,801.8
Long-term debt, less current maturities	5,959.1	6.5	5.1	—	5,970.7
Deferred income taxes	—	55.9	1.5	(16.5)	40.9
Notes payable to affiliates, net	1,032.6	—	400.4	(1,433.0)	—
Other noncurrent liabilities	542.0	1,452.5	377.6	—	2,372.1
Total liabilities	7,907.6	2,127.0	1,683.8	(1,532.9)	10,185.5
Peabody Energy Corporation's stockholders' equity	3,908.7	4,788.2	6,327.7	(11,115.9)	3,908.7
Noncontrolling interests	—	—	39.2	—	39.2
Total stockholders' equity	3,908.7	4,788.2	6,366.9	(11,115.9)	3,947.9
Total liabilities and stockholders' equity	$11,816.3	$6,915.2	$ 8,050.7	$ (12,648.8)	$ 14,133.4

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 securities	—	—	(15.1)	(15.1)
Proceeds from sales and maturities of debt 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 loans 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 securities	—	—	(22.8)	(22.8)
Proceeds from sales and maturities of debt 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 loan 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
SUPPLEMENTAL CONDENSED CONSOLIDATING STATEMENTS OF CASH FLOWS

	Year Ended December 31, 2012			
	Parent Company	Guarantor Subsidiaries	Non-Guarantor Subsidiaries	Consolidated
		(Dollars in millions)		
Cash Flows From Operating Activities				
Net cash provided by (used in) continuing operations	$372.0	$1,390.3	$(162.5)	$1,599.8
Net cash used in discontinued operations	(3.4)	(11.6)	(69.7)	(84.7)
Net cash provided by (used in) operating activities	368.6	1,378.7	(232.2)	1,515.1
Cash Flows From Investing Activities				
Additions to property, plant, equipment and mine development	—	(237.4)	(748.6)	(986.0)
Changes in accrued expenses related to capital expenditures	—	3.1	101.6	104.7
Federal coal lease expenditures	—	(276.5)	—	(276.5)
Investment in Prairie State Energy Campus	—	(10.7)	—	(10.7)
Proceeds from disposal of assets, net of notes receivable	—	70.1	77.8	147.9
Purchases of debt and equity securities	—	—	(46.7)	(46.7)
Proceeds from sales of debt and equity securities	—	—	46.4	46.4
Purchase of short-term investments	—	—	(4.8)	(4.8)
Contributions to joint ventures	—	—	(824.0)	(824.0)
Distributions from joint ventures	—	—	823.0	823.0
Advances to related parties	—	—	(148.0)	(148.0)
Repayment of loans from related parties	—	—	110.8	110.8
Other, net	—	(6.2)	—	(6.2)
Net cash used in continuing operations	—	(457.6)	(612.5)	(1,070.1)
Net cash used in discontinued operations	—	(1.1)	(20.9)	(22.0)
Net cash used in investing activities	—	(458.7)	(633.4)	(1,092.1)
Cash Flows From Financing Activities				
Proceeds from long-term debt	—	—	0.8	0.8
Repayments of long-term debt	(379.0)	(0.4)	(36.4)	(415.8)
Payment of deferred financing costs	(6.9)	—	—	(6.9)
Dividends paid	(91.9)	—	—	(91.9)
Common stock repurchase	(99.9)	—		(99.9)
Excess tax benefits related to share-based compensation	8.3	—	—	8.3
Acquisition of MCG Coal Holdings Pty Ltd noncontrolling interests	—	—	(49.8)	(49.8)
Other, net	1.0	—	(9.1)	(8.1)
Transactions with affiliates, net	186.2	(920.1)	733.9	—
Net cash (used in) provided by financing activities	(382.2)	(920.5)	639.4	(663.3)
Net change in cash and cash equivalents	$(13.6)	$(0.5)	$(226.2)	$(240.3)
Cash and cash equivalents at beginning of year	283.2	0.8	515.1	799.1
Cash and cash equivalents at end of year	$269.6	$0.3	$288.9	$558.8

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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, 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) [3]	5.8
Tax valuation allowances	1,634.1	569.4	—	(1,034.5) [4]	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) [3]	7.4
Tax valuation allowances	1,481.8	(29.4)	—	181.7 [5]	1,634.1
Year Ended December 31, 2012					
Reserves deducted from asset accounts:					
Advance royalty recoupment reserve	$21.3	$2.9	$ (9.0) [2]	$0.1 [6]	$15.3
Reserve for materials and supplies	6.5	13.7	(4.2)	—	16.0
Allowance for doubtful accounts	17.0	(0.5)	(0.7)	(2.1) [3]	13.7
Tax valuation allowances	79.8	521.5	(77.0) [7]	957.5 [8]	1,481.8

(1) Reserves utilized, unless otherwise indicated.

(2) Deductions to advance royalty recoupment reserve represents the termination of federal and state leases.

(3) Represents subsequent recovery of receivable amounts previously reserved.

(4) 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.

(5) Related to the MRRT, as offset by the impact of the 2013 decrease in Australian dollar exchange rates.

(6) Balances transferred from other accounts or reserves recorded as part of a property transaction or acquisition.

(7) Deductions include write-off of loss carryforwards and reversal of related valuation allowances.

(8) Includes changes to valuation allowances primarily related to deferred tax assets acquired in business combinations and initial deferred tax assets resulting from the MRRT implemented in Australia in 2012.

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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).
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 March 17, 2014).
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). 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.
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).
10.6	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).
10.7	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).
10.8	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).

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Exhibit No.	Description of Exhibit
10.9	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).
10.10	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).
10.11	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).
10.12	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).
10.13	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).
10.14	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).
10.15	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).
10.16	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).
10.17	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).
10.18	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).
10.19	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).
10.20	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).
10.21	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).
10.22	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).
10.23	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).
10.24	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).
10.25	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).
10.26	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).
10.27*	

	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).
10.28*	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).

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Exhibit No.	Description of Exhibit
10.29*	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).
10.30*	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).
10.31*	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).
10.32*	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).
10.33*	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).
10.34*	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).
10.35*	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).
10.36*	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).
10.37*	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).
10.38*	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).
10.39*	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).
10.40*	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).
10.41*	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).
10.42*	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).
10.43*	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).
10.44*	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).

10.45*	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).
10.46*	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).
10.47*	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).
10.48*	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).
10.49*	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).
10.50*	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).

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Exhibit No.	Description of Exhibit
10.51*	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).
10.52*	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).
10.53*	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).
10.54*	Form of Performance Unit 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).
10.55*	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).
10.56*	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).
10.57*	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).
10.58*	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).
10.59*	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).
10.60*	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).
10.61*	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).
10.62*	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).
10.63*	Form of Restricted Stock Award Agreement under the Registrant's 2011 Long-Term Equity Incentive Plan 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).
10.64*	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).

10.65*	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).
10.66*	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).
10.67*	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).
10.68*	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).
10.69*	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).
10.70*	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).

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Exhibit No.	Description of Exhibit
10.71*	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).
10.72*	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).
10.73*	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).
10.74*	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).
10.75*	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).
10.76*	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).
10.77*	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).
10.78*	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).
10.79*	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).
10.80*	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).
10.81*	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).
10.82*	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).
10.83*	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).
10.84*	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).
10.85*	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).
10.86*	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).

10.87*	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).
10.88*	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).
10.89*	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).
10.90*	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).
10.91*	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).
10.92*†	Peabody Energy Corporation Executive Severance Plan.

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Exhibit No.	Description of Exhibit
10.93*†	Form of Director and Executive Officer Indemnification Agreement between the Registrant and each of its directors and executive officers.
10.94*	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 John T. Boyd Company.
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, 2014 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.