PEABODY ENERGY CORP
Form 10-Q
May 05, 2015

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

FORM 10-Q

(Mark One)
þ QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934
For the quarterly period ended March 31, 2015
or
¨ TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934
For the transition period from ____________ to ____________
Commission File Number: 1-16463

PEABODY ENERGY CORPORATION
(Exact name of registrant as specified in its charter)

Delaware	13-4004153
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification No.)
701 Market Street, St. Louis, Missouri	63101-1826
(Address of principal executive offices)	(Zip Code)

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

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

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

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

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

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

There were 277,778,608 shares of the registrant's common stock (par value of $0.01 per share) outstanding at May 1, 2015.

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PART I - FINANCIAL INFORMATION
Item 1. Financial Statements.
PEABODY ENERGY CORPORATION
UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS

	Three Months Ended March 31,	
	2015	2014
	(Dollars in millions, except per share data)	
Revenues		
Sales	$1,418.7	$1,470.2
Other revenues	119.2	156.6
Total revenues	1,537.9	1,626.8
Costs and expenses		
Operating costs and expenses (exclusive of items shown separately below)	1,321.6	1,394.8
Depreciation, depletion and amortization	147.5	157.2
Asset retirement obligation expenses	14.2	15.6
Selling and administrative expenses	49.4	59.5
Other operating (income) loss:		
Net gain on disposal of assets	(0.1)	(9.8)
Loss from equity affiliates	3.1	6.6
Operating profit	2.2	2.9
Interest expense	106.6	103.3
Loss on early debt extinguishment	59.5	—
Interest income	(2.5)	(3.6)
Loss from continuing operations before income taxes	(161.4)	(96.8)
Income tax provision (benefit)	3.0	(52.5)
Loss from continuing operations, net of income taxes	(164.4)	(44.3)
(Loss) income from discontinued operations, net of income taxes	(8.9)	0.2
Net loss	(173.3)	(44.1)
Less: Net income attributable to noncontrolling interests	3.3	4.4
Net loss attributable to common stockholders	$(176.6)	$(48.5)
Loss from continuing operations:		
Basic loss per share	$(0.62)	$(0.18)
Diluted loss per share	$(0.62)	$(0.18)
Net loss attributable to common stockholders:		
Basic loss per share	$(0.65)	$(0.18)
Diluted loss per share	$(0.65)	$(0.18)
Dividends declared per share	$0.0025	$0.085

See accompanying notes to unaudited condensed consolidated financial statements.

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PEABODY ENERGY CORPORATION
UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

	Three Months Ended March 31,	
	2015	2014
	(Dollars in millions)	
Net loss	$(173.3)	$(44.1)
Other comprehensive (loss) income, net of income taxes:		
Net change in unrealized losses on available-for-sale securities (net of respective net tax benefits of $0.1 and $1.1)	(0.2)	(1.8)
Net unrealized (losses) gains on cash flow hedges (net of respective net tax (benefit) provision of ($1.2) and $68.9)		
(Decrease) increase in fair value of cash flow hedges	(149.7)	116.2
Reclassification for realized losses included in net loss	94.0	5.6
Net unrealized (losses) gains on cash flow hedges	(55.7)	121.8
Postretirement plans and workers' compensation obligations (net of respective net tax benefits of $0.0 and $6.2)		
Prior service cost for the period	—	(17.4)
Amortization of actuarial loss and prior service cost included in net loss	12.6	6.8
Postretirement plans and workers' compensation obligations	12.6	(10.6)
Foreign currency translation adjustment	(27.4)	16.5
Other comprehensive (loss) income, net of income taxes	(70.7)	125.9
Comprehensive (loss) income	(244.0)	81.8
Less: Comprehensive income attributable to noncontrolling interests	3.3	4.4
Comprehensive (loss) income attributable to common stockholders	$(247.3)	$77.4

See accompanying notes to unaudited condensed consolidated financial statements.

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PEABODY ENERGY CORPORATION
CONDENSED CONSOLIDATED BALANCE SHEETS

	(Unaudited) March 31, 2015	December 31, 2014
	(Amounts in millions, except per share data)	
ASSETS		
Current assets		
Cash and cash equivalents	$637.1	$298.0
Accounts receivable, net of allowance for doubtful accounts of $15.5 at March 31, 2015 and $5.8 at December 31, 2014	431.4	563.1
Inventories	369.5	406.5
Assets from coal trading activities, net	61.8	57.6
Deferred income taxes	83.9	80.0
Other current assets	225.2	305.8
Total current assets	1,808.9	1,711.0
Property, plant, equipment and mine development, net	10,451.8	10,577.3
Deferred income taxes	1.1	0.7
Investments and other assets	889.9	902.1
Total assets	$13,151.7	$13,191.1
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current liabilities		
Current portion of long-term debt	$104.1	$21.2
Liabilities from coal trading activities, net	38.1	32.7
Accounts payable and accrued expenses	1,619.3	1,809.2
Total current liabilities	1,761.5	1,863.1
Long-term debt, less current portion	6,287.5	5,965.6
Deferred income taxes	86.4	89.1
Asset retirement obligations	731.8	722.3
Accrued postretirement benefit costs	782.6	781.9
Other noncurrent liabilities	992.8	1,042.6
Total liabilities	10,642.6	10,464.6
Stockholders' equity		
Preferred Stock — $0.01 per share par value; 10.0 shares authorized, no shares issued or outstanding as of March 31, 2015 or December 31, 2014	—	—
Perpetual Preferred Stock — 0.8 shares authorized, no shares issued or outstanding as of March 31, 2015 or December 31, 2014	—	—
Series Common Stock — $0.01 per share par value; 40.0 shares authorized, no shares issued or outstanding as of March 31, 2015 or December 31, 2014	—	—
Common Stock — $0.01 per share par value; 800.0 shares authorized; 289.0 shares issued and 277.8 shares outstanding as of March 31, 2015 and 285.7 shares issued and 271.7 shares outstanding as of December 31, 2014	2.9	2.9
Additional paid-in capital	2,393.0	2,383.3
Treasury stock, at cost — 11.2 shares as of March 31, 2015 and 14.0 shares as of December 31, 2014	(371.5)	(467.1)
Retained earnings	1,316.7	1,570.5
Accumulated other comprehensive loss	(835.5)	(764.8)
Peabody Energy Corporation stockholders' equity	2,505.6	2,724.8

Noncontrolling interests	3.5	1.7
Total stockholders' equity	2,509.1	2,726.5
Total liabilities and stockholders' equity	$13,151.7	$13,191.1

See accompanying notes to unaudited condensed consolidated financial statements.

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PEABODY ENERGY CORPORATION
UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS

	Three Months Ended March 31,			
	2015		2014	
	(Dollars in millions)			
Cash Flows From Operating Activities				
Net loss	$(173.3	)	$(44.1	)
Loss (income) from discontinued operations, net of income taxes	8.9		(0.2	)
Loss from continuing operations, net of income taxes	(164.4	)	(44.3	)
Adjustments to reconcile loss from continuing operations, net of income taxes to net cash provided by operating activities:				
Depreciation, depletion and amortization	147.5		157.2	
Noncash interest expense	7.3		5.9	
Deferred income taxes	(3.6	)	(69.9	)
Share-based compensation for equity- and liability-classified awards	9.6		13.5	
Net gain on disposal of assets	(0.1	)	(9.8	)
Loss from equity affiliates	3.1		6.6	
Gains on previously monetized foreign currency hedge positions	(10.7	)	(40.9	)
Changes in current assets and liabilities:				
Accounts receivable	116.1		47.5	
Change in receivable from accounts receivable securitization program	15.0		55.0	
Inventories	37.5		(42.7	)
Net assets from coal trading activities	(3.8	)	(5.7	)
Other current assets	0.1		(5.5	)
Accounts payable and accrued expenses	(178.9	)	47.1	
Asset retirement obligations	11.3		9.5	
Accrued postretirement benefit costs	5.3		3.6	
Accrued pension costs	7.6		5.4	
Other, net	6.3		(5.6	)
Net cash provided by continuing operations	5.2		126.9	
Net cash used in discontinued operations	(1.8	)	(72.8	)
Net cash provided by operating activities	3.4		54.1	
Cash Flows From Investing Activities				
Additions to property, plant, equipment and mine development	(25.1	)	(24.4	)
Changes in accrued expenses related to capital expenditures	(11.3	)	(18.3	)
Proceeds from disposal of assets, net of notes receivable	2.1		99.8	
Purchases of debt and equity securities	(7.3	)	(2.0	)
Proceeds from sales and maturities of debt and equity securities	10.1		0.4	
Contributions to joint ventures	(114.6	)	(151.8	)
Distributions from joint ventures	113.6		138.2	
Other, net	(3.2	)	(2.2	)
Net cash (used in) provided by investing activities	(35.7	)	39.7	
Cash Flows From Financing Activities				
Proceeds from long-term debt	975.7		—	
Repayments of long-term debt	(572.2	)	(5.2	)
Payment of deferred financing costs	(28.4	)	—	
Dividends paid	(0.7	)	(23.1	)
Other, net	(3.0	)	(1.4	)

Net cash provided by (used in) financing activities	371.4	(29.7)
Net change in cash and cash equivalents	339.1	64.1
Cash and cash equivalents at beginning of period	298.0	444.0
Cash and cash equivalents at end of period	$637.1	$508.1

See accompanying notes to unaudited condensed consolidated financial statements.

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PEABODY ENERGY CORPORATION
UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN STOCKHOLDERS' EQUITY

	Peabody Energy Corporation Stockholders' Equity						
	Common Stock	Additional Paid-in Capital	Treasury Stock	Retained Earnings	Accumulated Other Comprehensive Loss	Noncontrolling Interests	Total Stockholders' Equity
	(Dollars in millions)						
December 31, 2014	$2.9	$2,383.3	$(467.1)	$1,570.5	$ (764.8)	$ 1.7	$ 2,726.5
Net (loss) income	—	—	—	(176.6)	—	3.3	(173.3)
Net change in unrealized losses on available-for-sale securities (net of $0.1 net tax benefit)	—	—	—	—	(0.2)	—	(0.2)
Net unrealized losses on cash flow hedges (net of $1.2 net tax benefit)	—	—	—	—	(55.7)	—	(55.7)
Postretirement plans and workers' compensation obligations (net of $0.0 net tax benefit)	—	—	—	—	12.6	—	12.6
Foreign currency translation adjustment	—	—	—	—	(27.4)	—	(27.4)
Dividends paid	—	—	—	(0.7)	—	—	(0.7)
Share-based compensation for equity-classified awards	—	9.1	—	—	—	—	9.1
Employee stock purchases	—	2.0	—	—	—	—	2.0
Repurchase of employee common stock relinquished for tax withholding	—	—	(1.9)	—	—	—	(1.9)
Defined contribution plan share contribution	—	(1.4)	97.5	(76.5)	—	—	19.6
Distributions to noncontrolling interests	—	—	—	—	—	(1.5)	(1.5)
March 31, 2015	$2.9	$2,393.0	$(371.5)	$1,316.7	$ (835.5)	$ 3.5	$ 2,509.1

See accompanying notes to unaudited condensed consolidated financial statements.

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PEABODY ENERGY CORPORATION
NOTES TO UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

(1) Basis of Presentation

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

The accompanying unaudited condensed consolidated financial statements have been prepared in accordance with accounting principles generally accepted in the United States (U.S. GAAP) for interim financial information and with the instructions to Form 10-Q and Article 10 of Regulation S-X. Accordingly, they do not include all of the information and footnotes required by U.S. GAAP for complete financial statements and should be read in conjunction with the consolidated financial statements and notes thereto included in the Company's Annual Report on Form 10-K for the year ended December 31, 2014. In the opinion of management, these financial statements reflect all normal, recurring adjustments necessary for a fair presentation. Balance sheet information presented herein as of December 31, 2014 has been derived from the Company’s audited consolidated balance sheet at that date. The Company's results of operations for the three months ended March 31, 2015 are not necessarily indicative of the results that may be expected for future quarters or for the year ending December 31, 2015.

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

(2) Newly Adopted Accounting Standards and Accounting Standards Not Yet Implemented

Newly Adopted Accounting Standards

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

Accounting Standards Not Yet Implemented

Deferring Financing Costs. On April 7, 2015, the FASB issued accounting guidance that requires deferred financing costs to be presented as a direct reduction from the related debt liability in the financial statements rather than as a separately recognized asset, as is the current requirement under U.S. GAAP. Under the new guidance, amortization of such costs will continue to be reported as interest expense. The new guidance will be effective for interim and annual periods beginning after December 15, 2015 (January 1, 2016 for the Company) and must be adopted on a retrospective basis. While the Company does not anticipate an impact to its results of operations, financial condition or cash flows in connection with the adoption of the guidance, there will be an impact on the presentation of the

Company's condensed consolidated balance sheets. More specifically, the Company's condensed consolidated balance sheets as of March 31, 2015 and December 31, 2014 included aggregate deferred financing cost assets of $105.7 million and $78.7 million, respectively, that would instead be presented as a direct reduction to liabilities under the new guidance.

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

Under the originally issued standard, the new guidance will be effective for interim and annual periods beginning after December 15, 2016 (January 1, 2017 for the Company). On April 29, 2015, the FASB issued an exposure draft of a proposed standards update that would delay the effective date of the new revenue recognition standard by one year with early adoption permitted, but not before the original effective date. The FASB’s proposed deferral is not a final decision and will be subject to the FASB’s due process requirement, which includes a period for public comments. The standard allows for either a full retrospective adoption or a modified retrospective adoption. The Company is in the process of evaluating the impact that the adoption of this guidance will have on its results of operations, financial condition, cash flows and financial statement presentation.

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

(3) Asset Realization

The Company's mining and exploration assets and mining-related investments may be adversely affected by numerous uncertain factors that may cause the Company to be unable to recover all or a portion of the carrying value of those assets. As a result of various unfavorable conditions, including but not limited to sustained trends of weakness in U.S. and international seaborne coal market pricing and certain asset-specific factors, the Company recognized aggregate impairment charges of $154.4 million, $528.3 million and $910.9 million during the years ended December 31, 2014, 2013 and 2012, respectively. For additional information surrounding those charges, refer to Note 2. "Asset Impairment and Mine Closures Costs" to the consolidated financial statements included in the Company's Annual Report on Form 10-K for the year ended December 31, 2014.

The Company generally does not view short-term declines subsequent to previous impairment assessments in thermal and metallurgical coal prices in the markets in which it sells its products as an indicator of impairment, such as the decline in benchmark pricing for seaborne metallurgical and thermal coal that occurred during the three months ended March 31, 2015. However, the Company generally does view a sustained trend of adverse changes in coal market pricing (for example, over periods exceeding one year) as a potential indicator of impairment and, because of the volatile and cyclical nature of U.S. and international seaborne coal markets, it is reasonably possible that such prices may not improve or decrease further in the near term, which may result in the need for future adjustments to the carrying value of the Company's long-lived mining assets and mining-related investments. The Company's assets whose recoverability and values are most sensitive to near-term pricing include mines in Australia with comparatively shorter remaining lives or those that have been capitalized in more recent periods at higher historical cost levels, and mining-related investments. These assets had an aggregate carrying value of approximately $475 million as of March 31, 2015. The Company conducted a review of those assets for recoverability as of March 31, 2015 and determined that no impairment charge was necessary as of that date.

(4) Discontinued Operations

Discontinued operations include certain former Australian Mining and Midwestern U.S. Mining segment assets that have ceased production and other previously divested legacy operations.

Summarized Results of Discontinued Operations

Results from discontinued operations were as follows during the three months ended March 31, 2015 and 2014:

	Three Months Ended March 31,	
	2015	2014
	(Dollars in millions)	
Loss from discontinued operations before income taxes	$(8.9)	$(0.1)
Income tax benefit	—	(0.3)
(Loss) income from discontinued operations, net of income taxes	$(8.9)	$0.2

There were no significant revenues from discontinued operations during the three months ended March 31, 2015 and 2014.

Assets and Liabilities of Discontinued Operations

The carrying amounts of assets and liabilities classified as discontinued operations included in the Company's condensed consolidated balance sheets were as follows:

	March 31, 2015	December 31, 2014
	(Dollars in millions)	
Assets:		
Other current assets	$0.2	$0.3
Investments and other assets	16.1	16.3
Total assets classified as discontinued operations	$16.3	$16.6
Liabilities:		
Accounts payable and accrued expenses	$12.1	$12.5
Other noncurrent liabilities	117.1	109.8
Total liabilities classified as discontinued operations	$129.2	$122.3

Settlement Agreement with Patriot and the UMWA. Pursuant to the definitive settlement agreement reached in 2013 with Patriot Coal Corporation and certain of its wholly-owned subsidiaries (Patriot) and the United Mine Workers of America (UMWA) on behalf of itself, its represented Patriot employees and its represented Patriot retirees, the Company remitted a payment of $70 million to Patriot in January 2014. Refer to Note 17. "Commitments and Contingencies" for additional details surrounding that settlement agreement.

Wilkie Creek Mine. In December 2013, the Company ceased production and started reclamation of the Wilkie Creek Mine in Queensland, Australia. On June 30, 2014, Queensland Bulk Handling Pty Ltd (QBH) commenced litigation against Peabody (Wilkie Creek) Pty Limited, the indirect wholly-owned subsidiary of the Company that owns the Wilkie Creek Mine, alleging breach of a Coal Port Services Agreement (CPSA) between the parties. Included in "(Loss) income from discontinued operations, net of income taxes" for the three months ended March 31, 2015 is a $7.6 million charge related to that litigation. Refer to Note 17. "Commitments and Contingencies" for additional information surrounding the QBH matter.

(5) Investments

Investments in available-for-sale securities at March 31, 2015 were as follows:

Available-for-sale securities	Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	Fair Value
	(Dollars in millions)			
Current:				
Federal government securities	$5.6	$—	$—	$5.6
U.S. corporate bonds	3.4	—	—	3.4
Noncurrent:				
Marketable equity securities	6.2	—	(0.5)	5.7
Federal government securities	28.0	0.2	—	28.2
U.S. corporate bonds	15.6	0.1	—	15.7
Total	$58.8	$0.3	$(0.5)	$58.6

Investments in available-for-sale securities at December 31, 2014 were as follows:

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

The Company classifies its investments as short-term if, at the time of purchase, remaining maturities are greater than three months and up to one year. Such investments are included in "Other current assets" in the condensed consolidated balance sheets. Investments with remaining maturities of greater than one year are classified as long-term and are included in "Investments and other assets" in the condensed consolidated balance sheets. The Company's investments in marketable equity securities consist of an investment in Winsway Enterprises Holdings Limited (Winsway). Those equity securities are included in "Investments and other assets" in the condensed consolidated balance sheets.

Contractual maturities for available-for-sale investments in debt securities at March 31, 2015 were as shown below. Expected maturities will differ from contractual maturities because borrowers may have the right to call or prepay obligations with or without call or prepayment penalties.

Contractual maturities for available-for-sale debt securities	Cost	Fair Value
	(Dollars in millions)	
Due in one year or less	$9.0	$9.0
Due in one to five years	43.6	43.9
Total	$52.6	$52.9

Proceeds from sales and maturities of debt securities amounted to $10.1 million and $0.4 million for the three months ended March 31, 2015 and 2014, respectively. The Company realized net gains of less than $0.1 million during each of the three months ended March 31, 2015 and 2014 associated with those sales and maturities using the specific identification method. Purchases of debt securities amounted to $7.3 million and $2.0 million for the three months ended March 31, 2015 and 2014, respectively.

(6) Inventories

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

	March 31, 2015	December 31, 2014
	(Dollars in millions)	
Materials and supplies	$137.1	$143.6
Raw coal	76.1	115.0
Saleable coal	156.3	147.9
Total	$369.5	$406.5

Materials and supplies inventories presented above have been shown net of reserves of $4.9 million and $4.6 million as of March 31, 2015 and December 31, 2014, respectively.

(7) Derivatives and Fair Value Measurements

Risk Management — Non-Coal Trading Activities

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

Foreign Currency Hedges. The Company is exposed to foreign currency exchange rate risk, primarily on Australian dollar expenditures made in its Australian Mining segment. This risk is managed using forward contracts and options designated as cash flow hedges, with the objective of reducing the variability of cash flows associated with forecasted foreign currency expenditures.

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

Explosives Hedges. The Company is also exposed to commodity price risk associated with explosives utilized in production in the U.S. and Australia. From time to time, this risk is managed through the use of derivatives, primarily swaps. This risk is also managed through the use of cost pass-through contracts. When swap contracts are used, the Company generally designates those contracts as cash flow hedges, with the objective of reducing the variability of cash flows associated with forecasted explosives purchases. As of March 31, 2015, the Company had no swaps in place associated with explosives hedges.

Interest Rate Swaps. The Company is exposed to interest rate risk on its fixed rate and variable rate long-term debt. From time to time, the Company manages the interest rate risk associated with the fair value of its fixed rate borrowings using fixed-to-floating interest rate swaps to effectively convert a portion of the underlying cash flows on the debt into variable rate cash flows. The Company designates these swaps as fair value hedges, with the objective of hedging against adverse changes in the fair value of the fixed rate debt that results from market interest rate changes. In addition, from time to time, interest rate risk associated with the Company's variable rate borrowings is managed using floating-to-fixed interest rate swaps. The Company designates these swaps as cash flow hedges, with the objective of reducing the variability of cash flows associated with market interest rate changes. As of March 31, 2015, the Company had no interest rate swaps in place.

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

	Notional Amount by Year of Maturity			
	Total	2015	2016	2017
Foreign Currency				
A$:US$ hedge contracts (A$ millions)	$2,731.1	$1,201.1	$1,007.0	$523.0
Commodity Contracts				
Diesel fuel hedge contracts (million gallons)	244.2	95.4	89.5	59.3

	Instrument Classification by			
	Cash Flow Hedge	Fair Value Hedge	Economic Hedge	Fair Value of Net Liability (Dollars in millions)
Foreign Currency				
A$:US$ hedge contracts (A$ millions)	$2,731.1	$—	$—	$(461.8)
Commodity Contracts				
Diesel fuel hedge contracts (million gallons)	244.2	—	—	(155.2)

Based on the net fair value of the Company’s non-coal trading commodity contract hedge positions held in “Accumulated other comprehensive loss” at March 31, 2015, the Company expects to reclassify net unrealized losses associated with the Company's diesel fuel hedge programs of approximately $91 million from comprehensive income into earnings over the next 12 months. Based on net unrealized losses associated with the Company's foreign currency hedge contract portfolio, as partially offset by unrecognized realized gains related to foreign currency cash flow hedge contracts monetized in the fourth quarter of 2012 held in "Accumulated other comprehensive loss" at March 31, 2015, the net loss expected to be reclassified from comprehensive income to earnings over the next twelve months associated with that hedge program is approximately $287 million. As these realized and unrealized gains and losses are associated with derivative instruments that represent hedges of forecasted transactions, the amounts reclassified to earnings are expected to partially offset the effect of any changes in the hedged exposure related to the underlying transactions, when realized.

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

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

The tables below show the classification and amounts of pre-tax gains and losses related to the Company’s non-coal trading hedges during the three months ended March 31, 2015 and 2014:

		Three Months Ended March 31, 2015			
Financial Instrument	Income Statement Classification Gains (Losses) - Realized	Gain recognized in income on non-designated	Loss recognized in other comprehensive	Loss reclassified from other comprehensive	Gain reclassified from other comprehensive

		derivatives	income on derivatives (effective portion)	income into income (effective portion)[1]	income into income (ineffective portion)
		(Dollars in millions)			
Commodity swap contracts	Operating costs and expenses	$—	$ (18.3)	$ (31.7)	$ 1.5
Foreign currency forward contracts	Operating costs and expenses	—	(136.1)	(73.6)	—
Total		$—	$ (154.4)	$ (105.3)	$ 1.5

(1) Includes the reclassification from "Accumulated other comprehensive loss" into earnings of $10.7 million of previously unrecognized gains on foreign currency cash flow hedge contracts monetized in the fourth quarter of 2012.

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		Three Months Ended March 31, 2014			
Financial Instrument	Income Statement Classification Gains (Losses) - Realized	Gain recognized in income on non-designated derivatives	(Loss) gain recognized in other comprehensive income on derivatives (effective portion)	Loss reclassified from other comprehensive income into income (effective portion)(1)	Loss reclassified from other comprehensive income into income (ineffective portion)
		(Dollars in millions)			
Commodity swap contracts	Operating costs and expenses	$—	$ (8.5)	$ (2.2)	$ (0.2)
Foreign currency forward contracts	Operating costs and expenses	—	175.6	(18.8)	—
Total		$—	$ 167.1	$ (21.0)	$ (0.2)

(1) Includes the reclassification from "Accumulated other comprehensive loss" into earnings of $40.9 million of previously unrecognized gains on foreign currency cash flow hedge contracts monetized in the fourth quarter of 2012.

Cash Flow Presentation. The Company classifies the cash effects of its non-coal trading derivatives within the "Cash Flows From Operating Activities" section of the unaudited condensed consolidated statements of cash flows.

Offsetting and Balance Sheet Presentation

The Company's non-coal trading derivative financial instruments are transacted in over-the-counter (OTC) markets with financial institutions under International Swaps and Derivatives Association (ISDA) Master Agreements. Those agreements contain symmetrical default provisions which allow for the net settlement of amounts owed by either counterparty in the event of default or contract termination. The Company offsets its non-coal trading asset and liability derivative positions on a counterparty-by-counterparty basis in the condensed consolidated balance sheets, with the fair values of those respective derivatives reflected in “Other current assets,” “Investments and other assets,” “Accounts payable and accrued expenses” and “Other noncurrent liabilities." Though the symmetrical default provisions associated with the Company's non-coal trading derivatives exist at the overall counterparty level across its foreign currency and diesel fuel hedging strategy derivative contract portfolios, the Company's accounting policy is to apply counterparty offsetting separately within those derivative contract portfolios for presentation in the condensed consolidated balance sheets because that application is more consistent with the fact that the Company generally net settles its non-coal trading derivatives with each counterparty by derivative contract portfolio on a routine basis.

The classification and amount of non-coal trading derivative financial instruments presented on a gross and net basis as of March 31, 2015 and December 31, 2014 are presented in the tables that follow.

	Fair Value of Assets as of March 31, 2015		
Financial Instrument	Gross Amounts Recognized	Gross Amounts Offset in the Condensed Consolidated Balance Sheet	Net Amounts Presented in the Condensed Consolidated Balance Sheet
	(Dollars in millions)		
Current Assets:			

Commodity swap contracts	$1.7	$(1.7)	$—
Total	$1.7	$(1.7)	$—
Noncurrent Assets:			
Commodity swap contracts	$0.5	$(0.5)	$—
Total	$0.5	$(0.5)	$—

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Financial Instrument	Fair Value of Liabilities as of March 31, 2015 Gross Amounts Recognized	Gross Amounts Offset in the Condensed Consolidated Balance Sheet	Net Amounts Presented in the Condensed Consolidated Balance Sheet
	(Dollars in millions)		
Current Liabilities:			
Commodity swap contracts	$92.6	$(1.7)	$90.9
Foreign currency forward contracts	290.8	—	290.8
Total	$383.4	$(1.7)	$381.7
Noncurrent Liabilities:			
Commodity swap contracts	$64.8	$(0.5)	$64.3
Foreign currency forward contracts	171.0	—	171.0
Total	$235.8	$(0.5)	$235.3

Financial Instrument	Fair Value of Liabilities Presented in the Condensed Consolidated Balance Sheet as of December 31, 2014 [1] (Dollars in millions)
Current Liabilities:	
Commodity swap contracts	$100.1
Foreign currency forward contracts	241.0
Total	$341.1
Noncurrent Liabilities:	
Commodity swap contracts	$67.0
Foreign currency forward contracts	169.0
Total	$236.0

(1) All commodity swap contracts and foreign currency forward contracts were in a liability position as of December 31, 2014.

See Note 8. "Coal Trading" for information on balance sheet offsetting related to the Company's coal trading activities.

Fair Value Measurements

The Company uses a three-level fair value hierarchy that categorizes assets and liabilities measured at fair value based on the observability of the inputs utilized in the valuation. These levels include: Level 1 - inputs are quoted prices in active markets for the identical assets or liabilities; Level 2 - inputs are other than quoted prices included in Level 1 that are directly or indirectly observable through market-corroborated inputs; and Level 3 - inputs are unobservable, or observable but cannot be market-corroborated, requiring the Company to make assumptions about pricing by market participants.

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Financial Instruments Measured on a Recurring Basis. The following tables set forth the hierarchy of the Company's net financial asset (liability) positions for which fair value is measured on a recurring basis:

	March 31, 2015			
	Level 1	Level 2	Level 3	Total
	(Dollars in millions)			
Investments in debt and equity securities	$27.6	$31.0	$—	$58.6
Commodity swap contracts	—	(155.2)	—	(155.2)
Foreign currency contracts	—	(461.8)	—	(461.8)
Total net financial assets (liabilities)	$27.6	$(586.0)	$—	$(558.4)

	December 31, 2014			
	Level 1	Level 2	Level 3	Total
	(Dollars in millions)			
Investments in debt and equity securities	$26.1	$35.7	$—	$61.8
Commodity swap contracts	—	(167.1)	—	(167.1)
Foreign currency contracts	—	(410.0)	—	(410.0)
Total net financial assets (liabilities)	$26.1	$(541.4)	$—	$(515.3)

For Level 1 and 2 financial assets and liabilities, the Company utilizes both direct and indirect observable price quotes, including interest rate yield curves, exchange indices, broker/dealer quotes, published indices, issuer spreads, benchmark securities and other market quotes. In the case of certain debt securities, fair value is provided by a third-party pricing service. Below is a summary of the Company's valuation techniques for Level 1 and 2 financial assets and liabilities:

- Investments in debt and equity securities: U.S. government securities and marketable equity securities are valued based on quoted prices in active markets (Level 1) and investment-grade corporate bonds and U.S. government agency securities are valued based on the various inputs listed above that may preclude the security from being measured using an identical asset in an active market (Level 2).
- Commodity swap contracts — diesel fuel and explosives: valued based on a valuation that is corroborated by the use of market-based pricing (Level 2).
- Foreign currency forward and option contracts: valued utilizing inputs obtained in quoted public markets (Level 2).

The Company did not have any transfers between levels during the three months ended March 31, 2015 or 2014 for its non-coal trading positions. The Company's policy is to value transfers between levels using the beginning of period valuation.

Other Financial Instruments. The following methods and assumptions were used by the Company in estimating fair values for other financial instruments as of March 31, 2015 and December 31, 2014:

- Cash and cash equivalents, accounts receivable, including those within the Company's accounts receivable securitization program, notes receivable and accounts payable have carrying values which approximate fair value due to the short maturity or the liquid nature of these instruments.
- Long-term debt fair value estimates are based on observed prices for securities with an active trading market when available (Level 2), and otherwise on estimated borrowing rates to discount the cash flows to their present value (Level 3).

The carrying amounts and estimated fair values of the Company's long-term debt are summarized as follows:

	March 31, 2015		December 31, 2014	
	Carrying Amount	Estimated Fair Value	Carrying Amount	Estimated Fair Value
	(Dollars in millions)			

Long-term debt	$6,391.6	$4,706.3	$5,986.8	$5,227.9

Credit and Nonperformance Risk

The fair value of the Company's non-coal trading derivative assets and liabilities reflects adjustments for credit risk. The Company manages its counterparty risk through established credit standards, diversification of counterparties, utilization of investment grade commercial banks, adherence to established tenor limits based on counterparty creditworthiness and continuous monitoring of that creditworthiness. To reduce its credit exposure for these hedging activities, the Company seeks to enter into netting agreements with counterparties that permit the Company to offset asset and liability positions with such counterparties in the event of default. The Company also continually monitors counterparties for nonperformance risk, if present, on a case-by-case basis.

(8) Coal Trading

The Company engages in the direct and brokered trading of coal and freight-related contracts (coal trading). Except those for which the Company has elected to apply a normal purchases and normal sales exception, all derivative coal trading contracts are accounted for at fair value.

The Company includes instruments associated with coal trading transactions as a part of its trading book. Trading revenues from such transactions are recorded in "Other revenues" in the unaudited condensed consolidated statements of operations and include realized and unrealized gains and losses on derivative instruments, including those that arise from coal deliveries related to contracts accounted for on an accrual basis under the normal purchases and normal sales exception. Therefore, the Company has elected the trading exemption surrounding disclosure of its coal trading activities.

Trading revenues recognized during the three months ended March 31, 2015 and 2014 were as follows:

	Three Months Ended March 31,	
Trading Revenues by Type of Instrument	2015	2014
	(Dollars in millions)	
Commodity futures, swaps and options	$38.6	$35.6
Physical commodity purchase/sale contracts	(21.9)	(14.6)
Total trading revenues	$16.7	$21.0

Risk Management

Hedge Ineffectiveness. In some instances, the Company has designated an existing coal trading derivative as a hedge and, thus, the derivative has a non-zero fair value at hedge inception. The "off-market" nature of these derivatives, which is best described as an embedded financing element within the derivative, is a source of ineffectiveness. In other instances, the Company uses a coal trading derivative that settles at a different time, has different quality specifications or has a different location basis than the occurrence of the cash flow being hedged. These collectively yield ineffectiveness to the extent that the derivative hedge contract does not exactly offset changes in the fair value or expected cash flows of the hedged item.

The gross fair value of coal trading positions designated as cash flow hedges of forecasted sales was an asset of $39.3 million and $44.3 million as of March 31, 2015 and December 31, 2014, respectively. Based on the net fair value of the Company's coal trading positions held in "Accumulated other comprehensive loss" at March 31, 2015, unrealized gains to be reclassified from comprehensive income to earnings over the next 12 months are expected to be approximately $39 million. As these unrealized gains are associated with derivative instruments that represent hedges of forecasted transactions, the amounts reclassified to earnings may partially offset the effect of the realized underlying transactions in the unaudited condensed consolidated statements of operations.

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Offsetting and Balance Sheet Presentation
The Company's coal trading assets and liabilities include financial instruments, such as swaps, futures and options, cleared through various commodities exchanges, which involve the daily net settlement of closed positions. The Company must post cash collateral, known as variation margin, on exchange-cleared positions that are in a net liability position and receives variation margin when in a net asset position. The Company also transacts in coal trading financial swaps and options through OTC markets with financial institutions and other non-financial trading entities under ISDA Master Agreements, which contain symmetrical default provisions. Certain of the Company's coal trading agreements with OTC counterparties also contain credit support provisions that may periodically require the Company to post, or entitle the Company to receive, initial and variation margin. Physical coal and freight-related purchase and sale contracts included in the Company's coal trading assets and liabilities are executed pursuant to master purchase and sale agreements that also contain symmetrical default provisions and allow for the netting and setoff of receivables and payables that arise during the same time period. The Company offsets its coal trading asset and liability derivative positions, and variation margin related to those positions, on a counterparty-by-counterparty basis in the condensed consolidated balance sheets, with the fair values of those respective derivatives reflected in “Assets from coal trading activities, net” and “Liabilities from coal trading activities, net."
The fair value of assets and liabilities from coal trading activities presented on a gross and net basis as of March 31, 2015 and December 31, 2014 is set forth below:

Affected line item in the condensed consolidated balance sheets	Gross Amounts of Recognized Assets (Liabilities)	Gross Amounts Offset in the Condensed Consolidated Balance Sheets	Variation margin (held) posted [1]	Net Amounts of Assets (Liabilities) Presented in the Condensed Consolidated Balance Sheets
	(Dollars in millions)			
	Fair Value as of March 31, 2015			
Assets from coal trading activities, net	$379.6	$(277.5)	$(40.3)	$61.8
Liabilities from coal trading activities, net	(322.3)	277.5	6.7	(38.1)
Total, Net	$57.3	$—	$(33.6)	$23.7
	Fair Value as of December 31, 2014			
Assets from coal trading activities, net	$342.5	$(248.3)	$(36.6)	$57.6
Liabilities from coal trading activities, net	(285.0)	248.3	4.0	(32.7)
Total, Net	$57.5	$—	$(32.6)	$24.9

[1] None of the net variation margin held at March 31, 2015 and December 31, 2014 related to cash flow hedges.
See Note 7. "Derivatives and Fair Value Measurements" for information on balance sheet offsetting related to the Company’s non-coal trading activities.

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Fair Value Measurements

The following tables set forth the hierarchy of the Company’s net financial asset (liability) coal trading positions for which fair value is measured on a recurring basis as of March 31, 2015 and December 31, 2014:

	March 31, 2015			
	Level 1	Level 2	Level 3	Total
	(Dollars in millions)			
Commodity futures, swaps and options	$(1.4)	$35.1	$—	$33.7
Physical commodity purchase/sale contracts	—	(12.2)	2.2	(10.0)
Total net financial (liabilities) assets	$(1.4)	$22.9	$2.2	$23.7

	December 31, 2014			
	Level 1	Level 2	Level 3	Total
	(Dollars in millions)			
Commodity futures, swaps and options	$(0.2)	$32.6	$—	$32.4
Physical commodity purchase/sale contracts	—	(9.6)	2.1	(7.5)
Total net financial (liabilities) assets	$(0.2)	$23.0	$2.1	$24.9

For Level 1 and 2 financial assets and liabilities, the Company utilizes both direct and indirect observable price quotes, including U.S. interest rate curves; LIBOR yield curves; Chicago Mercantile Exchange (CME) Group, Intercontinental Exchange (ICE), LCH.Clearnet (formerly known as the London Clearing House), NOS Clearing ASA and Singapore Exchange (SGX) contract prices; broker quotes; published indices and other market quotes. Below is a summary of the Company’s valuation techniques for Level 1 and 2 financial assets and liabilities:

- Commodity futures, swaps and options: generally valued based on unadjusted quoted prices in active markets (Level 1) or a valuation that is corroborated by the use of market-based pricing (Level 2).
- Physical commodity purchase/sale contracts: purchases and sales at locations with significant market activity corroborated by market-based information (Level 2).

Physical commodity purchase/sale contracts transacted in less liquid markets or contracts, such as long-term arrangements with limited price availability, are classified in Level 3. Indicators of less liquid markets are those with periods of low trade activity or wide pricing spreads between broker quotes.

The Company's risk management function, which is independent of the Company's commercial trading function, is responsible for valuation policies and procedures, with oversight from executive management. Generally, the Company's Level 3 instruments or contracts are valued using bid/ask price quotations and other market assessments obtained from multiple, independent third-party brokers or other transactional data incorporated into internally-generated discounted cash flow models. While the Company does not anticipate any decrease in the number of third-party brokers or market liquidity, the occurrence of such events could erode the quality of market information and therefore the valuation of its market positions. The Company's valuation techniques include basis adjustments to the foregoing price inputs for quality, such as heat rate and sulfur and ash content; location differentials, expressed as port and freight costs, and credit risk. The Company's risk management function independently validates the Company's valuation inputs, including unobservable inputs, with third-party information and settlement prices from other sources where available. A daily process is performed to analyze market price changes and changes to the portfolio. Further periodic validation occurs at the time contracts are settled with the counterparty. These valuation techniques have been consistently applied in all periods presented, and the Company believes it has obtained the most accurate information available for the types of derivative contracts held.

The following table summarizes the quantitative unobservable inputs utilized in the Company's internally-developed valuation models for physical commodity purchase/sale contracts classified as Level 3 as of March 31, 2015:

Input	Range Low	High	Weighted Average
Quality adjustments	5 %	12 %	9 %
Location differentials	10 %	21 %	19 %

Significant increases or decreases in the inputs in isolation could result in a significantly higher or lower fair value measurement. The unobservable inputs do not have a direct interrelationship; therefore, a change in one unobservable input would not necessarily correspond with a change in another unobservable input.

The following table summarizes the changes in the Company’s recurring Level 3 net financial assets:

	Three Months Ended March 31,	
	2015	2014
	(Dollars in millions)	
Beginning of period	$2.1	$2.1
Total gains realized/unrealized:		
Included in earnings	0.5	1.8
Settlements	(0.4)	(1.7)
End of period	$2.2	$2.2

The following table summarizes the changes in net unrealized gains relating to Level 3 net financial assets held both as of the beginning and the end of the period:

	Three Months Ended March 31,	
	2015	2014
	(Dollars in millions)	
Changes in net unrealized gains [1]	$0.5	$0.2

(1) Within the unaudited condensed consolidated statements of operations and unaudited condensed consolidated statements of comprehensive income for the periods presented, unrealized gains and losses from Level 3 items are combined with unrealized gains and losses on positions classified in Level 1 or 2, as well as other positions that have been realized during the applicable periods.

The Company did not have any significant transfers between Level 1 and Level 2 during the three months ended March 31, 2015 or 2014, nor were there any transfers in or out of Level 3 during those periods. The Company’s policy is to value all transfers between levels using the beginning of period valuation.

As of March 31, 2015, the timing of the estimated future realization of the value of the Company’s trading portfolio was as follows:

Year of Expiration	Percentage of Portfolio Total
2015	58 %
2016	39 %
2017	2 %
2018	1 %
	100 %

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

At March 31, 2015, 68% of the Company's credit exposure related to coal trading activities with investment grade counterparties, while 8% was with non-investment grade counterparties and 24% was with counterparties that are not rated.

Performance Assurances and Collateral

Certain of the Company's derivative trading instruments require the parties to provide additional performance assurances whenever a material adverse event jeopardizes one party's ability to perform under the instrument. If the Company was to sustain a material adverse event (using commercially reasonable standards), its counterparties could request collateralization on derivative trading instruments in net liability positions which, based on an aggregate fair value at March 31, 2015 and December 31, 2014, would have amounted to collateral postings to counterparties of approximately $36 million and $31 million, respectively. As of March 31, 2015 and December 31, 2014, no collateral was posted to counterparties for such positions.

Certain of the Company's other derivative trading instruments require the parties to provide additional performance assurances whenever a credit downgrade occurs below a certain level, as specified in each underlying contract. The terms of such derivative trading instruments typically require additional collateralization, which is commensurate with the severity of the credit downgrade. In 2015, two of the three major credit rating agencies downgraded the Company's corporate credit rating. The Company was not required to post additional collateral as a direct result of these downgrades for its derivative trading instruments. Even if a credit downgrade were to have occurred below contractually specified levels, the Company's additional collateral requirement owed to its counterparties for these derivative trading instruments would have been zero at March 31, 2015 and December 31, 2014 based on the aggregate fair value of all derivative trading instruments with such features. As of March 31, 2015, the Company had posted $1.0 million to counterparties to support such derivative trading instruments, while no collateral was posted as of December 31, 2014.

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 March 31, 2015 and December 31, 2014, the Company held net variation margin of $33.6 million and $32.6 million, respectively.

In addition to the requirements surrounding variation margin, the Company is required by the exchanges upon which it transacts and by certain of its OTC arrangements to post certain additional collateral, known as initial margin, which represents an estimate of potential future adverse price movements across the Company's portfolio under normal market conditions. As of March 31, 2015 and December 31, 2014, the Company had posted initial margin of $18.8 million and $15.2 million, respectively, which is reflected in “Other current assets” in the condensed consolidated balance sheets. The Company also posted $4.2 million and $6.1 million of margin in excess of the required variation and initial margin discussed above as of March 31, 2015 and December 31, 2014, respectively.

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(9) Financing Receivables

The Company's total financing receivables as of March 31, 2015 and December 31, 2014 consisted of the following:

Balance Sheet Classification	March 31, 2015	December 31, 2014
	(Dollars in millions)	
Investments and other assets	$323.5	$347.2

The Company periodically assesses the collectability of accounts and loans receivable by considering factors such as specific evaluation of collectability, historical collection experience, the age of the receivable and other available evidence. Below is a description of the Company's financing receivables outstanding as of March 31, 2015.

Codrilla Mine Project. In 2011, a wholly-owned subsidiary of PEA-PCI, then Macarthur Coal Limited, completed the sale of a portion of its 85% interest in the Codrilla Mine Project to the other participants of the Coppabella Moorvale Joint Venture, afterward retaining 73.3% ownership.The final outstanding installment payment of 40% of the sale price is due upon the earlier of the mine's first coal shipment or a specified date. The sales agreement was amended in the second quarter of 2013 to delay the specified date from March 31, 2015 to June 30, 2016. There are currently no indications of impairment on the remaining installment and the Company expects to receive full payment by June 30, 2016. The remaining balance associated with these receivables was recorded in "Investments and other assets" in the condensed consolidated balance sheets, which balance totaled $26.0 million and $27.6 million at March 31, 2015 and December 31, 2014, respectively.

Middlemount Mine. The Company periodically makes loans to the Middlemount Mine joint venture (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 condensed consolidated balance sheets and the unaudited condensed 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 $0.6 million and $1.4 million during the three months ended March 31, 2015 and 2014, respectively. Interest income under a full accrual basis would have resulted in additional interest income of $1.5 million and $1.7 million during the three months ended March 31, 2015 and 2014, respectively. The carrying value of these loans of $297.5 million and $319.6 million was reflected in "Investments and other assets" in the condensed consolidated balance sheets as of March 31, 2015 and December 31, 2014, respectively.

(10) Property, Plant, Equipment and Mine Development

Property, plant, equipment and mine development, net, as of March 31, 2015 and December 31, 2014 consisted of the following:

	March 31, 2015	December 31, 2014
	(Dollars in millions)	
Land and coal interests	$11,029.8	$11,021.1
Buildings and improvements	1,599.3	1,569.1
Machinery and equipment	2,662.2	2,685.7
Less: Accumulated depreciation, depletion and amortization	(4,839.5)	(4,698.6)
Total, net	$10,451.8	$10,577.3

(11) Income Taxes

The Company’s income tax provision of $3.0 million and income tax benefit of $52.5 million for the three months ended March 31, 2015 and 2014, respectively, included tax benefits related to the remeasurement of foreign income tax accounts of $0.2 million and $1.4 million, respectively. The Company's effective tax rate before remeasurement for the three months ended March 31, 2015 is based on the Company’s estimated full year effective tax rate, comprised of expected statutory tax expense more than offset by reductions from percentage depletion, foreign rate differential and changes in valuation allowance.

(12) Long-term Debt

The Company's total indebtedness as of March 31, 2015 and December 31, 2014 consisted of the following:

	March 31, 2015	December 31, 2014
	(Dollars in millions)	
2013 Term Loan Facility due September 2020	$1,172.6	$1,175.1
7.375% Senior Notes due November 2016	83.1	650.0
6.00% Senior Notes due November 2018	1,518.8	1,518.8
6.50% Senior Notes due September 2020	650.0	650.0
6.25% Senior Notes due November 2021	1,339.6	1,339.6
10.00% Senior Secured Second Lien Notes due March 2022	975.8	—
7.875% Senior Notes due November 2026	247.7	247.6
Convertible Junior Subordinated Debentures due December 2066	383.0	382.3
Capital lease obligations	20.0	22.2
Other	1.0	1.2
Total	$6,391.6	$5,986.8

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

Other than as described in the following section, there were no significant changes to the Company's long-term debt subsequent to December 31, 2014. Information regarding the Company's long-term debt is outlined in Note 12 to the consolidated financial statements in the Company's Annual Report on Form 10-K for the year ended December 31, 2014.

2013 Credit Facility Amendment

On February 5, 2015, the Company entered into the Omnibus Amendment Agreement (the First Amendment) related to its secured credit agreement dated September 24, 2013 (as amended, the 2013 Credit Facility). The 2013 Credit Facility 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).

The Company's obligations under the 2013 Credit Facility are guaranteed by the Company and substantially all of its domestic subsidiaries and are secured by (1) a pledge of 65% of the stock of Peabody Investments (Gibraltar) Limited, a holding company for the Australian operations of the Company, (2) a pledge of the stock of Peabody IC Funding Corp., whose assets are substantially comprised of intercompany debt owed to it by Peabody IC Holdings LLC, a holding company whose sole asset is intercompany debt owed to it by the top-level Gibraltar subsidiary of the Company's Australian platform, an entity which previously owed such debt directly to Peabody IC Funding Corp. and (3) after the effectiveness of the First Amendment, substantially all of the Company's U.S. assets and 65% of the equity interests of its first-tier foreign subsidiaries, subject to certain exceptions. Under the 2013 Credit Facility, the amount of such obligations that are secured by Principal Property and Capital Stock (each as is defined in the indentures for the Company's 6.00%, 6.25%, 6.50%, 7.375% and 7.875% Senior Notes (collectively, the Senior Notes)) is limited in order for the Company to utilize the general liens basket in the Company's Senior Notes indentures.

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In addition to the pledge of certain collateral, among other things, the First Amendment:

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

The Company paid aggregate modification costs of \$11.8 million related to the First Amendment during the three months ended March 31, 2015, which will be amortized over the remaining terms of the 2013 Revolver and the 2013 Term Loan Facility.

Senior Secured Second Lien Notes Offering

On March 16, 2015, the Company completed the offering of \$1.0 billion aggregate principal amount of the Senior Secured Second Lien Notes. The notes were offered to qualified institutional buyers under Rule 144A of the Securities Act of 1933, as amended (the Securities Act), and to non-U.S. persons in transactions outside the U.S. under Regulation S of the Securities Act.

The Senior Secured Second Lien Notes are secured by a second-priority lien on all of the assets that secure the Company's obligations under the 2013 Credit Facility on a first-lien basis, subject to permitted liens and other limitations. The Company's Senior Secured Second Lien Notes indenture contains a limit, consistent with the 2013 Credit Facility, on the amount of debt that may be secured by Principal Property and Capital Stock. For purposes of calculating the Principal Property limit, 15% of Specified Consolidated Net Tangible Assets (as that term is used in the related indenture) was approximately \$1.7 billion as of March 31, 2015. Additionally, as of March 31, 2015, the book value of Principal Property was approximately \$3.0 billion, the book value of property that did not constitute Principal Property was approximately \$3.0 billion and the book value of 65% of the capital stock in the Company's first-tier foreign subsidiaries and 65% of the capital stock in Peabody Investments (Gibraltar) Limited was approximately \$3.5 billion.

The Company used the net proceeds from the sale of the notes, in part, to fund the tender offer to purchase its 7.375% Senior Notes due November 2016 (the 2016 Senior Notes) and to redeem the aggregate principal amount that was not tendered in the tender offer. Additionally, the Company intends to use the remaining proceeds for general corporate purposes, which may include the payment of federal coal lease expenditures.

The Company must pay interest on the notes semi-annually on March 15 and September 15 of each year until maturity on March 15, 2022. The Company may redeem the Senior Secured Second Lien Notes at any time on or after March 15, 2018 at the redemption prices specified in the related indenture and, prior to that date, at a redemption price equal to 100% of the principal amount of the notes being redeemed plus a make whole premium, in addition to any accrued and unpaid interest. Prior to March 15, 2018, the Company may also redeem up to 35% of the aggregate principal amount of the Senior Secured Second Lien Notes with the net cash proceeds from certain equity offerings.

The notes were issued at an issue price of 97.566% of principal amount, resulting in an original issue discount of \$24.3 million that will be amortized ratably through maturity. The Company also incurred aggregate debt issuance costs of approximately $20.0 million related to the offering that will also be amortized over the life of the Senior Secured Second Lien Notes. Of that amount, $16.6 million was paid during the three months ended March 31, 2015, with remainder to be paid in the second quarter of 2015.

2016 Senior Notes Tender Offer and Redemption

Concurrently with the offering of the Senior Secured Second Lien Notes, the Company commenced a tender offer to repurchase the $650.0 million aggregate principal amount then outstanding of the 2016 Senior Notes. Consequently, the Company repurchased $566.9 million aggregate principal amount of the notes that were validly tendered and not validly withdrawn during the three months ended March 31, 2015. In connection with those repurchases, the Company recognized an aggregate loss on early debt extinguishment of $59.5 million in the unaudited condensed consolidated statement of operations for the three months ended March 31, 2015. That charge was comprised of tender offer premiums paid of $58.2 million and the write-off of associated unamortized debt issuance costs of $1.3 million.

On March 16, 2015, the Company issued a notice of redemption with respect to any notes not tendered in the tender offer and subsequently redeemed the $83.1 million aggregate principal amount of the 2016 Senior Notes that remained outstanding as of March 31, 2015 on the redemption date of April 15, 2016. Because the notice of redemption was deemed irrevocable once mailed, the Company classified that amount in "Current portion of long-term debt" in the unaudited condensed consolidated balance sheet as of March 31, 2015. The Company recognized a loss on debt extinguishment of $8.4 million in April 2015 related to the redemption, comprised of aggregate make-whole premiums paid of $8.2 million and the write-off of associated unamortized debt issuance costs of $0.2 million.

(13) Pension and Postretirement Benefit Costs

Net periodic pension cost included the following components:

	Quarter Ended March 31,	
	2015	2014
	(Dollars in millions)	
Service cost for benefits earned	$0.6	$0.5
Interest cost on projected benefit obligation	10.1	11.3
Expected return on plan assets	(12.0)	(13.5)
Amortization of prior service cost and net actuarial loss	10.2	7.9
Net periodic pension cost	$8.9	$6.2

Annual contributions to the 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%). As of March 31, 2015, the Company's qualified plans were expected to be at or above the Pension Protection Act thresholds and will therefore avoid benefit restrictions and at-risk penalties for 2015. During the three months ended March 31, 2015, the Company contributed $1.0 million and $0.3 million, respectively, to its qualified and non-qualified pension plans. On August 8, 2014, the Highway and Transportation Funding Act of 2014 (HATFA) was signed into law, which extended 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 $6.0 million to its pension plans to meet minimum funding requirements for its qualified plans and benefit payments for its non-qualified plans in 2015.

Net periodic postretirement benefit cost included the following components:

	Quarter Ended March 31,

	2015	2014
	(Dollars in millions)	
Service cost for benefits earned	$2.8	$3.1
Interest cost on accumulated postretirement benefit obligation	8.5	9.1
Amortization of prior service cost and net actuarial loss	4.5	3.9
Net periodic postretirement benefit cost	$15.8	$16.1

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During the three months ended March 31, 2014, the Company increased its accumulated postretirement benefit obligation (included in "Accrued postretirement benefit costs") by $27.6 million, with an offsetting pre-tax prior service cost adjustment recorded directly to "Accumulated other comprehensive loss." The adjustment was a result of a plan change effective April 1, 2014 for certain plan participants' benefits no longer funded through a Medicare Advantage Program. The plan change did not affect participant benefits.

(14) Accumulated Other Comprehensive Loss

The following table sets forth the after-tax components of accumulated other comprehensive (loss) income and changes thereto recorded during the three months ended March 31, 2015:

	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, 2014	$(111.5)	$ (317.5)	$ 25.1	$(360.9)	$ —	$ (764.8)
Net change in fair value	—	—	—	(149.7)	(0.2)	(149.9)
Reclassification from other comprehensive income to earnings	—	14.1	(1.5)	94.0	—	106.6
Current period change	(27.4)	—	—	—	—	(27.4)
March 31, 2015	$(138.9)	$ (303.4)	$ 23.6	$(416.6)	$ (0.2)	$ (835.5)

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The following table provides additional information regarding items reclassified out of "Accumulated other comprehensive loss" into earnings during the three months ended March 31, 2015 and 2014:

Details about accumulated other comprehensive (loss)income components	Amount reclassified from accumulated other comprehensive loss [1] Three Months Ended March 31, 2015	Three Months Ended March 31, 2014	Affected line item in the unaudited condensed consolidated statement of operations
	(Dollars in millions)		
Net actuarial loss associated with postretirement plans and workers' compensation obligations:			
Postretirement health care and life insurance benefits	$(6.2)	$(3.6)	Operating costs and expenses
Defined benefit pension plans	(8.3)	(6.2)	Operating costs and expenses
Defined benefit pension plans	(1.7)	(1.4)	Selling and administrative expenses
Insignificant items	2.1	1.0	
	(14.1)	(10.2)	Total before income taxes
	—	3.8	Income tax benefit
	$(14.1)	$(6.4)	Total after income taxes
Prior service credit (cost) associated with postretirement plans:			
Postretirement health care and life insurance benefits	$1.7	$(0.3)	Operating costs and expenses
Defined benefit pension plans	(0.2)	(0.3)	Operating costs and expenses
	1.5	(0.6)	Total before income taxes
	—	0.2	Income tax benefit
	$1.5	$(0.4)	Total after income taxes
Cash flow hedges:			
Foreign currency forward contracts	$(73.6)	$(18.8)	Operating costs and expenses
Fuel and explosives commodity swaps	(30.2)	(2.4)	Operating costs and expenses
Coal trading commodity futures, swaps and options	13.3	17.8	Other revenues
Insignificant items	(0.2)	(0.1)	
	(90.7)	(3.5)	Total before income taxes
	(3.3)	(2.1)	Income tax provision
	$(94.0)	$(5.6)	Total after income taxes

[1] Presented as gains (losses) in the unaudited condensed consolidated statements of operations.

(15) 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" to the consolidated financial statements in the Company’s Annual Report on Form 10-K for the year ended December 31, 2014.

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" to the consolidated financial statements in the Company’s Annual Report on Form 10-K for the year ended December 31, 2014. 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 9.4 million and 4.6 million for the three months ended March 31, 2015 and 2014, 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:

	Three Months Ended March 31,	
	2015	2014
	(In millions, except per share data)	
EPS numerator:		
Loss from continuing operations, net of income taxes	$(164.4)	$(44.3)
Less: Net income attributable to noncontrolling interests	3.3	4.4
Loss from continuing operations attributable to common stockholders, before allocation of earnings to participating securities	(167.7)	(48.7)
Less: Earnings allocated to participating securities	—	0.3
Loss from continuing operations attributable to common stockholders, after allocation of earnings to participating securities	(167.7)	(49.0)
(Loss) income from discontinued operations attributable to common stockholders, after allocation of earnings to participating securities	(8.9)	0.2
Net loss attributable to common stockholders, after earnings allocated to participating securities	$(176.6)	$(48.8)
EPS denominator:		
Weighted average shares outstanding — basic and diluted	270.1	267.9

Basic and diluted EPS attributable to common stockholders:		
Loss from continuing operations	$(0.62)	$(0.18)
Loss from discontinued operations	(0.03)	—
Net loss attributable to common stockholders	$(0.65)	$(0.18)

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(16) Financial Instruments, Guarantees with Off-Balance Sheet Risk and Other Guarantees

In the normal course of business, the Company is a party to guarantees and financial instruments with off-balance-sheet risk, most of which are not reflected in the accompanying condensed 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, no material claims have been made against these financial instruments. As of May 5, 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 unaudited condensed consolidated balance sheet as of March 31, 2015.

Financial Instruments with Off-Balance Sheet Risk

As of March 31, 2015, the Company had the following financial instruments with off-balance sheet risk:

	Reclamation Obligations	Lease Obligations	Workers’ Compensation Obligations	Other [(1)]	Total
	(Dollars in millions)				
Self bonding	$1,382.9	$—	$—	$—	$1,382.9
Surety bonds	322.8	104.4	91.9	11.4	530.5
Bank guarantees	367.2	—	—	112.9	480.1
Letters of credit	17.6	—	43.8	227.8	289.2
	$2,090.5	$104.4	$135.7	$352.1	$2,682.7

(1) Other includes the $79.7 million in letters of credit related to Dominion Terminal Associates and TXU Europe Limited described below and an additional $272.4 million in bank guarantees, letters of credit and surety bonds related to collateral for 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 March 31, 2015, the Company’s maximum reimbursement obligation to the commercial bank was in turn supported by four letters of credit totaling $42.7 million.

The Company is party to an agreement with the PBGC and TXU Europe Limited, an affiliate of the Company’s former parent corporation, under which the Company is required to make special contributions to two of the Company’s defined benefit pension plans and to maintain a $37.0 million letter of credit in favor of the PBGC. If the Company or the PBGC gives notice of an intent to terminate one or more of the covered pension plans in which liabilities are not fully funded, or if the Company fails to maintain the letter of credit, the PBGC may draw down on the letter of credit and use the proceeds to satisfy liabilities under the Employee Retirement Income Security Act of 1974, as amended. The PBGC, however, is required to first apply amounts received from a $110.0 million guarantee in place from TXU Europe Limited in favor of the PBGC before it draws on the Company’s letter of credit. On November 19, 2002, TXU Europe Limited was placed under the administration process in the U.K. (a process similar to bankruptcy proceedings in the U.S.) and continues under this process as of March 31, 2015. As a result of these proceedings, TXU Europe Limited may be liquidated or otherwise reorganized in such a way as to relieve it of its obligations under its guarantee.

As of March 31, 2015, one of the Company's wholly-owned captive insurance subsidiaries was party to a letter of credit arrangement for $32.8 million in relation to certain of its workers' compensation and other insurance-related obligations whereby that subsidiary has pledged $46.9 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.

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 March 31, 2015, the Company had $34.1 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 of 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 three months ended March 31, 2015, the Company received total consideration of $1,016.7 million related to accounts receivable sold under the securitization program, including $698.1 million of cash up front from the sale of the receivables, an additional $147.8 million of cash upon the collection of the underlying receivables and $170.9 million that had not been collected at March 31, 2015 and was recorded at carrying value, which approximates fair value. The reduction in accounts receivable as a result of securitization activity with the Conduits was $45.0 million and $30.0 million at March 31, 2015 and December 31, 2014, respectively.

The securitization activity has been reflected in the unaudited condensed consolidated statements of cash flows as an operating activity because both the cash received from the Conduits upon sale of the receivables as well as the cash received from the Conduits upon the ultimate collection of the 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 $0.4 million for each of the three months ended March 31, 2015 and 2014, respectively.

Patriot Bankruptcy Reorganization

As part of the definitive settlement agreement reached in 2013 with Patriot and the UMWA, which agreement is discussed in Note 17. "Commitments and Contingencies," the Company has provided $121.5 million of credit support to Patriot. Approximately $85 million of this credit support ends in 2018. As of March 31, 2015, $81.0 million of this credit support took the form of surety bonds issued for the benefit of Patriot beneficiaries; $18.1 million of this credit support took the form of corporate guarantees to Patriot beneficiaries and $22.4 million of this credit support took the form of letters of credit issued for the benefit of Patriot beneficiaries. Those surety bonds and letters of credit are included in the financial instruments with off-balance sheet risk table presented in this note, while the corporate guarantees are not. A total of $35.3 million of the credit support (all in the form of surety bonds) relates to certain of 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.

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 reached in 2013, 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.

Other

Included in "Other noncurrent liabilities" in the Company's condensed consolidated balance sheets as of March 31, 2015 and December 31, 2014 is a liability of $44.7 million, related to reclamation, bonding and mine closure commitments 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.

(17) Commitments and Contingencies

Commitments

Unconditional Purchase Obligations

As of March 31, 2015, purchase commitments for capital expenditures were $31.5 million, all of which are obligated within the next 12 months.

There were no other material changes to the Company's commitments from the information provided in Note 24 to the consolidated financial statements in the Company's Annual Report on Form 10-K for the year ended December 31, 2014.

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. The plaintiffs later amended their claim to allege damages for lost opportunities to sell their joint venture interest. These actions, which are pending before the Supreme Court of Queensland, Australia, seek damages from the three defendants collectively of amounts ranging from $15.0 million Australian dollars to $1.7 billion Australian dollars, plus interest and costs. The defendants dispute the claims and are vigorously defending their positions. Based on the Company's evaluation of the issues and their potential impact, the amount of any future loss cannot be reasonably estimated. 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 was entitled to the disputed dividends plus interest and costs. In its ruling, the Court of Appeal noted that while payment of dividends is usually a matter for a company's directors, the Class B dividend is a mandatory dividend, regardless of any decision by the directors, and that the amount of the dividend is based on a percentage of the company's net profit, unless there is a legal prohibition that precludes the dividend being paid. Wambo filed an application for leave to appeal the ruling to the High Court of Australia, but the application was denied. Wambo has satisfied the terms of the Court of Appeal’s judgment, including the remittance of the restricted security previously posted with the court, and the litigation is over.

Eagle Mining, LLC Arbitration. On May 3, 2013, Eagle Mining, LLC (Eagle) filed an arbitration demand against a Company subsidiary under a contract mining agreement, asserting various claims for damages. An arbitration hearing was held in January 2014 before a single arbitrator. As a result of the damages awarded to Eagle in arbitration, the Company recorded a charge of $15.6 million in "Operating costs and expenses" in the unaudited condensed consolidated statement of operations for the three months ended March 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.

Queensland Bulk Handling Pty Ltd. On June 30, 2014, QBH filed a statement of claim with the Supreme Court of Queensland, Australia, against Peabody (Wilkie Creek) Pty Limited, an indirect wholly-owned subsidiary of the Company, alleging breach of a CPSA between the parties. QBH originally sought damages of $113.1 million Australian dollars, plus interest and costs. However, it later altered its claim to seek a declaration that the Company subsidiary had exercised an option to renew the contract for a further term, and withdrew its claim for money damages.

On February 27, 2015, the Supreme Court of Queensland, Australia ruled that QBH and the Company subsidiary were bound to enter into a new CPSA upon substantially the same terms as the 2009 CPSA between them. Under the 2009 CPSA, QBH provided services to the Wilkie Creek Mine, which was closed in 2013. Under the court’s ruling, the term of the proposed new CPSA would commence January 1, 2015 and expire on December 31, 2026 and would require annual minimum payments of approximately $11.8 million Australian dollars. The Company subsidiary strongly disputes this finding and has filed a notice of appeal.

While the ultimate impact of the litigation is subject to a wide range of uncertainty, the Company recognized a liability of $7.6 million to discontinued operations for the three months ended March 31, 2015. That amount represents the low end of the range of loss that the Company considers probable. It is reasonably possible that additional exposure may exist up to and including the aggregate annual minimum payments required under the proposed CPSA noted above.

Claims, Litigation and Settlements Relating to Indemnities or Historical Operations

Environmental Claims and Litigation Arising From Historical, Non-Coal Producing Operations. Gold Fields Mining, LLC (Gold Fields) is a dormant, non-coal producing entity that was previously managed and owned by Hanson plc, the Company's predecessor owner. In a February 1997 spin-off, Hanson plc transferred ownership of Gold Fields to the Company despite the fact that Gold Fields had no ongoing operations and the Company had no prior involvement in its past operations. Gold Fields is currently one of the Company's subsidiaries. The Company indemnified TXU Group with respect to certain claims relating to the historical operations of a former affiliate of Gold Fields. Environmental claims for remediation, past costs, future costs, and/or natural resource damages have been asserted against Gold Fields related to historical activities of Gold Fields or a former affiliate. Gold Fields or the former affiliate has been named a potentially responsible party (PRP) at 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 seven 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 $67.0 million as of March 31, 2015 and $69.4 million as of December 31, 2014, of which $17.1 million and $19.4 million was reflected as a current liability, respectively, in the condensed 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 condensed 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.

Settlement Agreement with Patriot and the UMWA. In 2012, Patriot filed voluntary petitions for reorganization under Chapter 11 of the U.S. Bankruptcy Code. In 2013, the Company entered into a definitive settlement agreement with Patriot and the UMWA, on behalf of itself, its represented Patriot employees and its represented Patriot retirees, to resolve all disputed issues related to Patriot's bankruptcy.

In connection with the settlement agreement with Patriot and the UMWA, which became effective on December 18, 2013, the Company is required to provide total payments of $310.0 million, payable over four years through 2017, to partially fund the newly established voluntary employee beneficiary association (VEBA) and settle all Patriot and UMWA claims involving the Patriot bankruptcy. Those payments included an initial payment of $90.0 million made in January 2014, comprised of $70.0 million paid to Patriot and $20.0 million paid to the VEBA, and a payment of $75.0 million made in January 2015 to the VEBA. Subsequent payments will be made to the VEBA of $75.0 million in 2016 and $70.0 million in 2017.

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. The Company remains in regular communication with the NYAG and is continuing 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.

(18) Segment Information

The Company reports its results of operations primarily through the following reportable segments: "Australian Mining," "Western U.S. Mining," "Midwestern U.S. Mining," "Trading and Brokerage" and "Corporate and Other." The Company's chief operating decision maker uses Adjusted EBITDA as the primary measure of segment profit and loss. The Company defines Adjusted EBITDA as (loss) income from continuing operations before deducting net interest expense (including gains and losses on early debt extinguishment or modification); 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.

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NOTES TO UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
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Reportable segment results were as follows:

	Three Months Ended March 31, 2015	2014
	(Dollars in millions)	
Revenues:		
Australian Mining	$548.2	$611.8
Western U.S. Mining	689.3	682.0
Midwestern U.S. Mining	275.7	303.0
Trading and Brokerage	16.7	21.0
Corporate and Other	8.0	9.0
Total	$1,537.9	$1,626.8
Adjusted EBITDA:		
Australian Mining	$(24.5)	$1.8
Western U.S. Mining	182.6	173.9
Midwestern U.S. Mining	71.5	78.7
Trading and Brokerage	3.8	(1.9)
Corporate and Other	(67.8)	(75.6)
Total	$165.6	$176.9

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

	Three Months Ended March 31, 2015	2014
	(Dollars in millions)	
Total Adjusted EBITDA	$165.6	$176.9
Depreciation, depletion and amortization	(147.5)	(157.2)
Asset retirement obligation expenses	(14.2)	(15.6)
Change in deferred tax asset valuation allowance related to equity affiliates	(0.3)	—
Amortization of basis difference related to equity affiliates	(1.4)	(1.2)
Interest expense	(106.6)	(103.3)
Loss on early debt extinguishment	(59.5)	—
Interest income	2.5	3.6
Income tax (provision) benefit	(3.0)	52.5
Loss from continuing operations, net of income taxes	$(164.4)	$(44.3)

(19) Supplemental Guarantor/Non-Guarantor Financial Information

In accordance with the indentures governing the Senior Notes, certain 100% owned U.S. subsidiaries of the Company (each, a Guarantor Subsidiary) have fully and unconditionally guaranteed the Senior Notes, on a joint and several basis. The indentures governing the Senior Notes contain customary exceptions under which a guarantee of a Guarantor Subsidiary will terminate, including (a) the release or discharge of the guarantee of the Company's 2013 Credit Facility by such Guarantor Subsidiary, except a discharge or release by or as a result of payment under such guarantee, (b) a sale or other disposition, by way of merger, consolidation or otherwise, of all of the capital stock of such Guarantor Subsidiary, and (c) the legal defeasance or discharge of the indentures. Separate financial statements and other disclosures concerning the Guarantor Subsidiaries are not presented because management believes that such information is not material to the holders of the Senior Notes. The following historical financial statement information is provided for the Guarantor/Non-Guarantor Subsidiaries.

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Unaudited Supplemental Condensed Consolidating Statements of Operations

	Three Months Ended March 31, 2015				
	Parent Company	Guarantor Subsidiaries	Non-Guarantor Subsidiaries	Eliminations	Consolidated
	(Dollars in millions)				
Total revenues	$—	$944.8	$ 609.8	$ (16.7)	$ 1,537.9
Costs and expenses					
Operating costs and expenses (exclusive of items shown separately below)	104.2	692.4	541.7	(16.7)	1,321.6
Depreciation, depletion and amortization	—	75.8	71.7	—	147.5
Asset retirement obligation expenses	—	7.4	6.8	—	14.2
Selling and administrative expenses	9.7	37.1	2.6	—	49.4
Other operating (income) loss:					
Net gain on disposal of assets	—	(0.1)	—	—	(0.1)
(Income) loss from equity affiliates and investment in subsidiaries	(104.4)	1.2	1.9	104.4	3.1
Interest expense	108.0	1.7	2.6	(5.7)	106.6
Loss on early debt extinguishment	59.5	—	—	—	59.5
Interest income	(0.1)	(2.7)	(5.4)	5.7	(2.5)
(Loss) income from continuing operations before income taxes	(176.9)	132.0	(12.1)	(104.4)	(161.4)
Income tax provision	—	1.3	1.7	—	3.0
(Loss) income from continuing operations, net of income taxes	(176.9)	130.7	(13.8)	(104.4)	(164.4)
Income (loss) from discontinued operations, net of income taxes	0.3	(1.1)	(8.1)	—	(8.9)
Net (loss) income	(176.6)	129.6	(21.9)	(104.4)	(173.3)
Less: Net income attributable to noncontrolling interests	—	—	3.3	—	3.3
Net (loss) income attributable to common stockholders	$(176.6)	$129.6	$ (25.2)	$ (104.4)	$ (176.6)

Unaudited Supplemental Condensed Consolidating Statements of Comprehensive Income

	Three Months Ended March 31, 2015				
	Parent Company	Guarantor Subsidiaries	Non-Guarantor Subsidiaries	Eliminations	Consolidated
	(Dollars in millions)				
Net (loss) income	$(176.6)	$129.6	$ (21.9)	$ (104.4)	$ (173.3)
Other comprehensive (loss) income, net of income taxes	(70.7)	14.4	(32.7)	18.3	(70.7)
Comprehensive (loss) income	(247.3)	144.0	(54.6)	(86.1)	(244.0)
Less: Comprehensive income attributable to noncontrolling interests	—	—	3.3	—	3.3
Comprehensive (loss) income attributable to common stockholders	$(247.3)	$144.0	$ (57.9)	$ (86.1)	$ (247.3)

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NOTES TO UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

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Unaudited Supplemental Condensed Consolidating Statements of Operations

	Three Months Ended March 31, 2014				
	Parent Company	Guarantor Subsidiaries	Non-Guarantor Subsidiaries	Eliminations	Consolidated
	(Dollars in millions)				
Total revenues	$—	$976.4	$ 671.3	$ (20.9)	$ 1,626.8
Costs and expenses					
Operating costs and expenses (exclusive of items shown separately below)	21.2	726.8	667.7	(20.9)	1,394.8
Depreciation, depletion and amortization	—	77.2	80.0	—	157.2
Asset retirement obligation expenses	—	8.6	7.0	—	15.6
Selling and administrative expenses	13.6	41.3	4.6	—	59.5
Other operating (income) loss:					
Net gain on disposal of assets	—	(9.6)	(0.2)	—	(9.8)
(Income) loss from equity affiliates and investment in subsidiaries	(39.6)	0.6	6.0	39.6	6.6
Interest expense	105.7	1.6	1.4	(5.4)	103.3
Interest income	(0.1)	(2.4)	(6.5)	5.4	(3.6)
(Loss) income from continuing operations before income taxes	(100.8)	132.3	(88.7)	(39.6)	(96.8)
Income tax (benefit) provision	(52.0)	24.8	(25.3)	—	(52.5)
(Loss) income from continuing operations, net of income taxes	(48.8)	107.5	(63.4)	(39.6)	(44.3)
Income (loss) from discontinued operations, net of income taxes	0.3	(0.7)	0.6	—	0.2
Net (loss) income	(48.5)	106.8	(62.8)	(39.6)	(44.1)
Less: Net income attributable to noncontrolling interests	—	—	4.4	—	4.4
Net (loss) income attributable to common stockholders	$(48.5)	$106.8	$ (67.2)	$ (39.6)	$ (48.5)

Unaudited Supplemental Condensed Consolidating Statements of Comprehensive Income

	Three Months Ended March 31, 2014				
	Parent Company	Guarantor Subsidiaries	Non-Guarantor Subsidiaries	Eliminations	Consolidated
	(Dollars in millions)				
Net (loss) income	$(48.5)	$106.8	$ (62.8)	$ (39.6)	$ (44.1)
Other comprehensive income (loss), net of income taxes	125.9	9.9	(18.5)	8.6	125.9
Comprehensive income (loss)	77.4	116.7	(81.3)	(31.0)	81.8
Less: Comprehensive income attributable to noncontrolling interests	—	—	4.4	—	4.4
Comprehensive income (loss) attributable to common stockholders	$77.4	$116.7	$ (85.7)	$ (31.0)	$ 77.4

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Unaudited Supplemental Condensed Consolidating Balance Sheets

	March 31, 2015				
	Parent Company	Guarantor Subsidiaries	Non-Guarantor Subsidiaries	Reclassifications/ Eliminations	Consolidated
	(Dollars in millions)				
Assets					
Current assets					
Cash and cash equivalents	$500.3	$0.2	$136.6	$ —	$637.1
Accounts receivable, net	0.3	—	431.1	—	431.4
Receivables from affiliates, net	622.7	—	82.1	(704.8)	—
Inventories	—	184.3	185.2	—	369.5
Assets from coal trading activities, net	—	54.5	7.3	—	61.8
Deferred income taxes	36.8	41.2	5.3	0.6	83.9
Other current assets	—	37.9	187.3	—	225.2
Total current assets	1,160.1	318.1	1,034.9	(704.2)	1,808.9
Property, plant, equipment and mine development, net	—	4,944.7	5,507.1	—	10,451.8
Deferred income taxes	—	19.9	—	(18.8)	1.1
Investments and other assets	9,777.2	3.9	584.7	(9,475.9)	889.9
Notes receivable from affiliates, net	—	1,619.1	—	(1,619.1)	—
Total assets	$10,937.3	$6,905.7	$7,126.7	$ (11,818.0)	$13,151.7
Liabilities and Stockholders’ Equity					
Current liabilities					
Current portion of long-term debt	$95.1	$0.1	$8.9	$ —	$104.1
Payables to affiliates, net	—	704.8	—	(704.8)	—
Liabilities from coal trading activities, net	—	13.6	24.5	—	38.1
Accounts payable and accrued expenses	566.0	567.1	485.6	0.6	1,619.3
Total current liabilities	661.1	1,285.6	519.0	(704.2)	1,761.5
Long-term debt, less current portion	6,275.5	6.3	5.7	—	6,287.5
Deferred income taxes	100.1	—	5.1	(18.8)	86.4
Notes payable to affiliates, net	1,032.6	—	586.5	(1,619.1)	—
Other noncurrent liabilities	362.4	1,757.4	387.4	—	2,507.2
Total liabilities	8,431.7	3,049.3	1,503.7	(2,342.1)	10,642.6
Peabody Energy Corporation stockholders’ equity	2,505.6	3,856.4	5,619.5	(9,475.9)	2,505.6
Noncontrolling interests	—	—	3.5	—	3.5
Total stockholders’ equity	2,505.6	3,856.4	5,623.0	(9,475.9)	2,509.1
Total liabilities and stockholders’ equity	$10,937.3	$6,905.7	$7,126.7	$ (11,818.0)	$13,151.7

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PEABODY ENERGY CORPORATION
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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 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
	$10,721.0	$6,987.5	$7,443.0	$ (11,960.4)	$13,191.1

Total liabilities and stockholders' equity

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Unaudited Supplemental Condensed Consolidating Statements of Cash Flows

	Three Months Ended March 31, 2015			
	Parent Company	Guarantor Subsidiaries	Non-Guarantor Subsidiaries	Consolidated
	(Dollars in millions)			
Cash Flows From Operating Activities				
Net cash (used in) provided by continuing operations	$(204.6)	$131.3	$ 78.5	$ 5.2
Net cash used in discontinued operations	(0.3)	(0.4)	(1.1)	(1.8)
Net cash (used in) provided by operating activities	(204.9)	130.9	77.4	3.4
Cash Flows From Investing Activities				
Additions to property, plant, equipment and mine development	—	(16.2)	(8.9)	(25.1)
Changes in accrued expenses related to capital expenditures	—	(7.1)	(4.2)	(11.3)
Proceeds from disposal of assets, net of notes receivable	—	2.1	—	2.1
Purchases of debt and equity securities	—	—	(7.3)	(7.3)
Proceeds from sales and maturities of debt and equity securities	—	—	10.1	10.1
Contributions to joint ventures	—	—	(114.6)	(114.6)
Distributions from joint ventures	—	—	113.6	113.6
Other, net	—	(1.2)	(2.0)	(3.2)
Net cash used in investing activities	—	(22.4)	(13.3)	(35.7)
Cash Flows From Financing Activities				
Proceeds from long-term debt	975.7	—	—	975.7
Repayments of long-term debt	(569.9)	—	(2.3)	(572.2)
Payment of deferred financing costs	(28.4)	—	—	(28.4)
Dividends paid	(0.7)	—	—	(0.7)
Other, net	0.1	(1.7)	(1.4)	(3.0)
Transactions with affiliates, net	139.7	(107.8)	(31.9)	—
Net cash provided by (used in) financing activities	516.5	(109.5)	(35.6)	371.4
Net change in cash and cash equivalents	311.6	(1.0)	28.5	339.1
Cash and cash equivalents at beginning of period	188.7	1.2	108.1	298.0
Cash and cash equivalents at end of period	$500.3	$0.2	$ 136.6	$ 637.1

PEABODY ENERGY CORPORATION
NOTES TO UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
(Continued)

Unaudited Supplemental Condensed Consolidating Statements of Cash Flows

	Three Months Ended March 31, 2014			
	Parent Company	Guarantor Subsidiaries	Non-Guarantor Subsidiaries	Consolidated
	(Dollars in millions)			
Cash Flows From Operating Activities				
Net cash provided by (used in) continuing operations	$ 108.5	$ 49.6	$ (31.2)	$ 126.9
Net cash (used in) provided by discontinued operations	(72.0)	(1.1)	0.3	(72.8)