



**Part II** Organizational Action (continued)

17 List the applicable Internal Revenue Code section(s) and subsection(s) upon which the tax treatment is based ▶ 354(a), 356, 358, 368(a)(1)(E), 1001

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18 Can any resulting loss be recognized? ▶ See attached.

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19 Provide any other information necessary to implement the adjustment, such as the reportable tax year ▶ See attached.

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Under penalties of perjury, I declare that I have examined this return, including accompanying schedules and statements, and to the best of my knowledge and belief, it is true, correct, and complete. Declaration of preparer (other than officer) is based on all information of which preparer has any knowledge.

Sign Here

Signature ▶ R. F. Bruer Date ▶ 09/25/2018

Print your name ▶ Robert F. Bruer Title ▶ VP - Tax

**Paid Preparer Use Only**

Print/Type preparer's name	Preparer's signature	Date	Check <input type="checkbox"/> if self-employed	PTIN
Firm's name ▶	Firm's EIN ▶		Phone no.	
Firm's address ▶				

PEABODY ENERGY CORPORATION

EIN: 13-4004153

ATTACHMENT TO IRS FORM 8937

REPORT OF ORGANIZATIONAL ACTIONS AFFECTING BASIS OF SECURITIES

**Disclaimer:** The information in Form 8937 and this attachment does not constitute tax advice and does not purport to take into account the specific circumstances that may apply to particular categories of holders of the Notes (as defined below). Each holder is urged to consult its own tax advisor regarding the particular consequences of the transactions described herein, including the impact on tax basis resulting therefrom.

**PART I**

**Item 10**

Description	CUSIP
6.000% Senior Secured Notes due 2022	70457L AA2

**PART II**

**Item 14**

On July 30, 2018, Peabody Energy Corporation (the "Company") solicited consents (the "Consent Solicitation") from each holder of the Company's 6.000% Senior Secured Notes due 2022 (the "Notes") to make certain amendments (the "Proposed Amendments") to the indenture governing the Notes (the "Indenture"). The Consent Solicitation expired on August 10, 2018, with consents received in respect of 98.27% of the outstanding principal amount of the Notes. On August 13, 2018 (the "Consent Payment Date"), Holders of the Notes that consented to the Proposed Amendments received \$10 cash for every \$1,000 principal amount of Notes held by such consenting holder (the "Consent Fee").

**Item 15**

For U.S. federal income tax purposes, the payment of the Consent Fee to consenting holders resulted in a "significant modification" of the Notes held by such consenting holders. As a result, consenting holders are deemed to have exchanged their Notes for deemed newly issued Notes (the "New Notes"). Assuming both the Notes and the New Notes are "securities" for U.S. federal income tax purposes, the deemed exchange of Notes for New Notes would be treated as part of a "recapitalization" for U.S. federal income tax purposes.

A consenting U.S. holder of Notes generally would not recognize any loss, but would recognize gain on the exchange equal to the lesser of (a) the amount of the Consent Fee received by such

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holder and (b) the “realized gain” on the exchange. The “realized gain” would equal the excess, if any, of (i) the issue price of the New Notes at the time of the deemed exchange plus the amount of the Consent Fee received (except to the extent attributable to accrued but unpaid interest on such Holder’s Notes) over (ii) the holder’s adjusted tax basis in its Notes.

A consenting U.S. holder generally would have the same adjusted tax basis in its New Notes as such holder had in its Notes, increased by any gain recognized on the deemed exchange and reduced by the Consent Fee received (except to the extent such Consent Fee is attributable to accrued but unpaid interest on such Holder’s Notes).

**Item 16**

As described in Item 15, a consenting U.S. holder generally would have the same adjusted tax basis in the New Notes as such holder had in its Notes, increased by any gain recognized on the deemed exchange and reduced by the Consent Fee received (except to the extent such Consent Fee is attributable to accrued but unpaid interest on such Holder’s Notes).

As described in Item 15, the gain realized on the deemed exchange depends in part on the issue price of the New Notes. The Company has determined that the New Notes are traded on an established market. Further, the Company has determined that the issue price of the New Notes on the Consent Payment Date is \$1,023.10 per \$1000 principal amount of New Notes. The Company has determined that this issue price equals the fair market value of the New Notes, and includes accrued but unpaid interest as of the issuance date. This determination and statement of issue price is intended to meet the requirements of Treasury Regulations section 1.1273-2(f)(9).

**Item 18**

Assuming the deemed exchange constitutes a “recapitalization” for U.S. federal income tax purposes, consenting holders cannot recognize loss realized on the deemed exchange.

**Item 19**

The deemed exchange occurred on August 13, 2018. Therefore, for calendar year taxpayers, the reportable tax year would be 2018.

The holding period for the New Notes generally would include the holding period for the Notes held prior to the deemed exchange.

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The information contained in this attachment does not constitute tax advice. Holders are urged to consult their own tax advisors regarding the particular tax consequences to them of the Consent Solicitation and deemed exchange of Notes for New Notes.