Form <b>8937</b>
(December 2017)
Department of the Treasury Internal Revenue Service

# Report of Organizational Actions Affecting Basis of Securities

► See separate instructions.

Part I	Reporting	ISSUA

P	art I Reporting	lssuer				
1	Issuer's name				2 Is	suer's employer identification number (EIN)
D		i.e.w				12 4004152
	abody Energy Corporat Name of contact for ad-		4 Telephor	ne No. of contact	5 Fr	13-4004153 nail address of contact
Ũ	Hame of contact for ad		1 Totophor			
Vic	Svec, SVP - Global Inv	estor Relations		+1-314-342-7900	IR@P	eabodyEnergy.com
			delivered to	street address) of contact		y, town, or post office, state, and ZIP code of contact
701	Market Street, Suite 70	60			St. Lo	uis, MO 63101
8	Date of action		9 Class	sification and description		
	3/18			Senior Secure Notes due 2		
10	CUSIP number	11 Serial number(	s)	12 Ticker symbol	13 A	ccount number(s)
D	See attached.	nol Action Attac	h additiona	l atatamanta if naadad (	Cas bask of f	arm for additional quantions
1000						orm for additional questions.
14	the action ► See att		ipplicable, the	e date of the action of the d	ate against wh	ich shareholders ownersnip is measured for
	see att	ached.			5	
15	Describe the quantita share or as a percenta			tion on the basis of the sect	urity in the han	ds of a U.S. taxpayer as an adjustment per
	а.					
16	Describe the calculati valuation dates ► <u>See</u>	•	asis and the	data that supports the calc	ulation, such a	s the market values of securities and the
						·
						- 0007
For	Paperwork Reduction	Act Notice, see the	separate Ins	structions.	Cat. No. 3	7752P Form <b>8937</b> (12-2017)

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#### 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

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

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

	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. J. Brun Date 09/25/2018

	Print v	/our name ► Robert F. Bruer		Title 🕨	VP - Tax		
Paid			Preparer's signature	Date		Check if self-employed	PTIN
Prepa		Firm's name				Firm's EIN ►	
Use O	niy	Firm's address ►				Phone no.	
Send Fo	rm 89		o: Department of the Treasury, Internal Rev	venue S	Service, Ogo	len, UT 84201	-0054

#### 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.

## <u>PART I</u>

#### 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").

## <u>Item 15</u>

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).

## <u>Item 16</u>

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.