

PEABODY ENERGY CORPORATION STOCK OWNERSHIP REQUIREMENTS

(amended as of March 12, 2014)

The Compensation Committee of the Board of Directors has determined the Company's executives and directors should acquire and retain a significant amount of Company stock in order to align their interests with those of stockholders.

Executive Officer Ownership Requirements

Under the executive share ownership requirements adopted by the Company, the Chief Executive Officer is required to acquire and retain Company stock having a value equal to at least five times his or her base salary. Other executives who are designated as "executive officers" of the Company by the Board of Directors are required to acquire and retain Company stock having a value equal to at least three times their base salary. Compliance with these requirements is evaluated as of December 31 of each year. The value of an individual's share ownership as of December 31 or at any time during the subsequent year is determined by multiplying the number of shares of Company stock or other eligible equity interests held by the individual by the average of the closing prices of Company stock on a year to date basis. If at any time an executive does not meet his or her ownership requirement, such executive must retain (a) any Company stock owned by such executive (whether owned directly or indirectly) and (b) any net shares received as the result of the exercise, vesting or payment of any Company equity award until the ownership requirement is met, in each case unless otherwise approved in writing by the Compensation Committee. For this purpose, "net shares" means the shares of Company stock that remain after shares are sold or withheld, as the case may be, to (i) pay the exercise price for a stock option award or (ii) satisfy any tax obligations, including withholding taxes, arising in connection with the exercise, vesting or payment of an equity award.

Director Ownership Requirements

Under the Company's share ownership requirements for directors, directors are required to acquire and retain Company stock having a value equal to at least five times their annual cash retainer. Directors are also required to retain all equity awards granted by the Company until this ownership requirement is met, less the amount of any shares sold by the director to satisfy any tax obligations, including withholding taxes, arising in connection with the vesting or payment of an equity award. Compliance with these requirements is evaluated as of December 31 of each year. The value of an individual's share ownership as of such date is determined by multiplying the number of shares of Company stock or other eligible equity interests held by the individual by the average of the closing prices of Company stock on a year to date basis.

For purposes of determining stock ownership levels, only the following forms of equity interests in the Company shall be included:

- Stock owned directly (including stock or stock units held in any defined contribution plan or employee stock purchase plan);
- Stock held by immediate family members residing in the same household or through trusts for the benefit of the person or his or her immediate family members residing in the same household;
- Vested and undistributed deferred stock units held by non-employee directors; and
- Phantom shares issued to Mr. Boyce pursuant to his employment agreement.