PEABODY ENERGY CORP
Form 11-K
June 27, 2014

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

FORM 11-K

(X)	ANNUAL REPORT PURSUANT TO SECTION 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934 For the fiscal year ended December 31, 2013
or	
( )	TRANSITION REPORT PURSUANT TO SECTION 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

Commission File Number: 1-16463

Full title of the plan and the address of the plan, if different from that of the issuer named below:

BIG RIDGE, INC. 401(K) PROFIT SHARING PLAN AND TRUST

Name of issuer of the securities held pursuant to the plan and the address of its principal executive office:

Peabody Energy Corporation

701 Market Street, St. Louis, Missouri	63101-1826
(Address of principal executive offices)	(Zip Code)

Big Ridge, Inc. 401(k) Profit Sharing Plan and Trust

Financial Statements and Supplemental Schedule

Years Ended December 31, 2013 and 2012

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Report of Independent Registered Public Accounting Firm

Defined Contribution Administrative Committee

We have audited the accompanying statement of net assets available for benefits of Big Ridge, Inc. 401(k) Profit Sharing Plan and Trust as of December 31, 2013, and the related statement of changes in net assets available for benefits for the year then ended. These financial statements are the responsibility of the Plan’s management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. The Plan is not required to have, nor were we engaged to perform, an audit of its internal control over financial reporting. Our audit included consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose or expressing an opinion on the effectiveness of the Plan’s internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the net assets available for benefits of the Plan as of December 31, 2013, and the changes in net assets available for benefits for the year then ended, in conformity with accounting principles generally accepted in the United States of America.

Our audit was conducted for the purpose of forming an opinion on the basic financial statements taken as a whole. The supplemental schedule of assets (held at end of year) as of December 31, 2013, is presented for the purpose of additional analysis and is not a required part of the financial statements but is supplementary information required by the Department of Labor's Rules and Regulations for Reporting and Disclosure under the Employee Retirement Income Security Act of 1974. This supplemental schedule is the responsibility of the Plan’s management. The supplemental schedule has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

/s/ UHY LLP

St. Louis, Missouri
June 27, 2014

Report of Independent Registered Public Accounting Firm

Defined Contribution Administrative Committee

We have audited the accompanying statement of net assets available for benefits of Big Ridge, Inc. 401(k) Profit Sharing Plan and Trust as of December 31, 2012, and the related statement of changes in net assets available for benefits for the year ended December 31, 2012. These financial statements are the responsibility of the Plan's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. We were not engaged to perform an audit of the Plan's internal control over financial reporting. Our audit included consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Plan's internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, and evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the net assets available for benefits of the Big Ridge, Inc. 401(k) Profit Sharing Plan and Trust as of December 31, 2012, and the changes in its net assets available for benefits for the year ended December 31, 2012, in conformity with U.S. generally accepted accounting principles.

/s/ Ernst & Young LLP

St. Louis, Missouri
June 21, 2013

Big Ridge, Inc. 401(k) Profit Sharing Plan and Trust

Statements of Net Assets Available for Benefits

	December 31, 2013	2012
Assets:		
Investments, at fair value:		
Investments in mutual funds	$4,135,227	$8,012,617
Investment in common/collective trust	2,729,110	5,529,724
Interest in Master Trust	194,750	550,001
Total investments	7,059,087	14,092,342
Receivables:		
Employer contributions	—	4,775
Employee contributions	—	4,775
Total receivables	—	9,550
Total assets reflecting investments at fair value	7,059,087	14,101,892
Adjustment from fair value to contract value for fully benefit-responsive investment contracts	(73,993)	(278,379)
Net assets available for benefits	$6,985,094	$13,823,513

See accompanying notes.

Big Ridge, Inc. 401(k) Profit Sharing Plan and Trust

Statements of Changes in Net Assets Available for Benefits

	Years Ended December 31, 2013	2012
Additions:		
Investment income (loss):		
Interest and dividends	$204,763	$349,965
Net realized and unrealized appreciation of mutual funds	923,407	777,541
Net investment loss in the Master Trust	(163,027)	(140,869)
Net investment income	965,143	986,637
Contributions:		
Employee	155,659	832,092
Employer	32,000	306,650
Total contributions	187,659	1,138,742
Total additions	1,152,802	2,125,379
Deductions:		
Benefits paid to participants	(7,991,071)	(1,173,662)
Administrative expenses	(150)	(2,000)
Total deductions	(7,991,221)	(1,175,662)
Net change in net assets available for benefits	(6,838,419)	949,717
Net assets available for benefits at beginning of year	13,823,513	12,873,796
Net assets available for benefits at end of year	$6,985,094	$13,823,513

See accompanying notes.

Big Ridge, Inc. 401(k) Profit Sharing Plan and Trust
Notes to Financial Statements

Years Ended December 31, 2013 and 2012

1. Description of the Plan

The following description of the Big Ridge, Inc. (Big Ridge, the Company, or the Employer) 401(k) Profit Sharing Plan and Trust (the Plan) provides only general information. Participants should refer to the plan documents for a more complete description of the Plan's provisions. Big Ridge is an indirect, wholly owned subsidiary of Peabody Energy Corporation (Peabody). The Plan's administrator is Peabody Holding Company, LLC (the Plan Administrator). The Plan is subject to the provisions of the Employee Retirement Income Security Act of 1974, as amended (ERISA).

General

The Plan is a defined contribution plan, and participation in the Plan is voluntary. Employees of Big Ridge who are represented by the United Mine Workers of America under a labor agreement that is effective through December 14, 2014 are eligible for participation in the Plan on the date of their employment or at any time afterward.

In November 2012, the Company permanently closed the Willow Lake Mine. The Willow Lake Mine and Preparation Facility continued to operate without a labor agreement until December 2012. Certain Big Ridge employees continue to perform services at the Willow Lake Preparation Facility post mine closure and therefore continue to participate in the Plan.

The Plan allows participants to invest in a selection of mutual funds, a common/collective trust and the Peabody Energy Stock Fund, which is a participating investment in the Amended and Restated Master Trust Agreement for the Peabody Energy Corporation Stock Fund (the Master Trust). See Notes 2 and 3 for additional details related to the Master Trust. Participants direct the investment of all contributions into various investment options offered by the Plan. All contributions are subject to certain limitations as defined by the Plan and the Internal Revenue Service (IRS).

Contributions

Each year participants may contribute on a pre-tax basis any whole percentage from 1% to 90% of eligible compensation, as defined in the Plan. Effective December 14, 2012, the Plan was amended such that eligible participants may elect to contribute an additional $125, $150, or $175 of their monthly eligible compensation on a pre-tax basis, and the Employer makes matching contributions equal to 100% of eligible contributions that participants make to the Plan. Prior to this amendment, the additional participant contribution of $125, $150, or $175 was sourced from the participant’s monthly Wage Incentive Program (WIP) payment on a pre-tax basis, and the Employer made matching contributions equal to 100% of eligible WIP contributions that participants make to the Plan.

Big Ridge, Inc. 401(k) Profit Sharing Plan and Trust
Notes to Financial Statements

In the calendar year that a participant is age 50 or older, and each year thereafter, he or she is permitted to make catch-up contributions to the Plan. Participants may also rollover account balances from other qualified defined benefit or defined contribution plans. The Company may contribute a discretionary amount to the accounts of qualifying participants, as defined in the Plan.

Vesting

Participants are vested immediately in their own contributions, Employer matching and discretionary contributions, and the realized and unrealized earnings or losses thereon.

Participant Loans

The Plan does not offer participant loans.

Participant Accounts

Each participant's account is credited with the participant's contributions, Employer matching and discretionary contributions, and plan realized and unrealized earnings or losses. The benefit to which a participant is entitled is the entire balance of the participant's account.

Payment of Benefits

Participants are eligible for distribution of their entire account balance upon death, disability, retirement or termination of employment. Participants may elect to receive their distribution as a lump-sum payment or transfer their account balance into an individual retirement account or another qualified plan.

Participants who have attained the age of 59½ have the right to receive a partial or full distribution of their account balance. Other types of withdrawals are also permitted, as defined in the Plan.

Plan Termination

The Plan could be terminated through the collective bargaining process, subject to the provisions of ERISA. Participants' accounts remain fully vested upon termination of the Plan. Currently, the Company has no intention to terminate the Plan.

Administrative Expenses

Significant administrative expenses of the Plan, including audit and trustee fees, are paid by the Employer. Plan recordkeeping fees are paid through the allocation of a portion of investment management fees. Certain transaction fees are charged directly to participants.

2. Summary of Significant Accounting Policies

Basis of Accounting

Financial statements of the Plan are prepared using the accrual method of accounting.

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Big Ridge, Inc. 401(k) Profit Sharing Plan and Trust
Notes to Financial Statements

The Plan invests in fully benefit-responsive investment contracts. Investment contracts held by a defined contribution plan are required to be reported at fair value. However, contract value is the relevant measurement attribute for that portion of the net assets available for benefits of a defined contribution plan attributable to fully benefit-responsive investment contracts because contract value is the amount participants would receive if they were to initiate permitted transactions under the terms of the plan. The statements of net assets available for benefits present the fair value of the investment contracts as well as the adjustment of the fully benefit-responsive investment contracts from fair value to contract value. The statements of changes in net assets available for benefits are prepared using the contract value basis for fully benefit-responsive investment contracts.

Use of Estimates

The preparation of financial statements in conformity with U.S. generally accepted accounting principles requires management to make estimates that affect the amounts reported in the financial statements and accompanying notes. Actual results could differ from those estimates.

Valuation of Investments

The Plan Administrator defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. See Note 3 for further description of fair value measurements.

Securities Transactions

Purchases and sales of securities are recorded on a trade-date basis. Realized gains (losses) are computed based on the average cost of securities sold. Interest income is recorded when earned. Dividend income is recorded on the ex-dividend date. Capital gain distributions are included in dividend income.

Interest in Master Trust

The Master Trust was established to hold investments in the Peabody Energy Stock Fund for this Plan as well as Peabody's other defined contribution plans. Total investment income (loss) of the Master Trust is allocated to each plan investing in the Master Trust based on the units held in the Master Trust by each Plan.

Payment of Benefits

Benefit distributions are recorded when paid.

Subsequent Events

The Plan Administrator evaluated subsequent events for the Plan through June 27, 2014, the date the financial statements were available to be issued. No subsequent events were noted.

Big Ridge, Inc. 401(k) Profit Sharing Plan and Trust
Notes to Financial Statements

3. Fair Value Measurements

The Plan Sponsor uses a three-level fair value hierarchy that categorizes investments 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 identical investments; 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 Plan Sponsor to make assumptions about pricing by market participants.

The availability of observable market data is monitored to assess the appropriate classification of financial instruments within the fair value hierarchy. Changes in economic conditions or model-based valuation techniques may require the transfer of financial instruments from one fair value level to another. In such instances, the transfer is reported at the beginning of the reporting period. The Plan Sponsor evaluates the significance of transfers between levels based upon the nature of the financial instrument and size of the transfer relative to total net assets available for benefits. For the years ended December 31, 2013 and 2012, there were no transfers in or out of Levels 1, 2, or 3. Further, there were no Level 3 investments in the Plan as of or for the years ended December 31, 2013 and 2012.

A financial instrument's level within the valuation hierarchy is based upon the lowest level of input that is significant to the fair value measurement. Following is a description of the valuation techniques and inputs used for investments measured at fair value, including the general classification of such investments pursuant to the valuation hierarchy.