



PEABODY ENERGY
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KENNETH L. WAGNER
Vice President, General Counsel -
Corporate and Assistant Secretary
Chief Compliance Officer

October 8, 2014

Mr. Timothy Smith
Senior Vice President, Director of
ESG Shareowner Engagement
Walden Asset Management
One Beacon Street
Boston, MA 02108

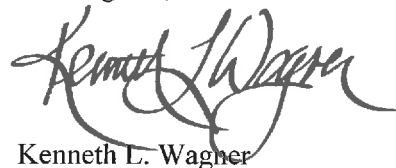
Dear Mr. Smith:

Thank you for your letter dated August 22, 2014, to Gregory H. Boyce regarding Peabody Energy Corporation's membership with the American Legislative Exchange Council (ALEC), and thank you for taking the time to share with us your views on ALEC.

Peabody Energy's Board of Directors is well aware of and supports the company's continued participation in ALEC, and strongly disagrees with your contention that Peabody Energy's relationship with ALEC presents significant reputational and business risks. ALEC's association with bipartisan legislative leaders throughout every state makes it a leader in public policy and an effective forum for policy debate. Given Peabody Energy's global role as a leader in the coal industry, the company believes that it is essential for us to participate constructively and responsibly in helping to shape the debate around global energy, environmental and economic policies. The Board of Directors believes that ALEC's objectives are consistent with our own and are deserving of our continuing support.

As noted in our 2014 Corporate and Social Responsibility Report, Peabody's participation in organizations such as ALEC is directed by our executive leadership team, with oversight from the Board of Directors. Management reports to the Board's Nominating and Corporate Governance Committee at least annually with respect to these matters. We believe that the Board and its Nominating and Corporate Governance Committee have the appropriate governance processes in place to properly evaluate Peabody Energy's participation in trade associations and other organizations such as ALEC.

Best regards,



Kenneth L. Wagner

cc: Gregory H. Boyce
Henry E. Lentz