Risk Factors Comparison 2024-02-23 to 2023-02-24 Form: 10-K

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The Company operates in a rapidly changing environment that involves a number of risks. The following discussion highlights some of these risks and others are discussed elsewhere in this report. These and other risks could materially and adversely affect the Company' s business, financial condition, prospects, operating results or cash flows. The following risk factors are not an exhaustive list of the risks associated with the Company' s business. New factors may emerge or changes to these risks could occur that could materially affect its business. Risks Associated with Peabody' s Operations The Company' s profitability depends upon the prices it receives for its coal. The Company operates in a competitive and highly regulated industry that has at times experienced strong headwinds. Current pricing levels of both seaborne and domestic coal products may not be sustainable in the future. Declines in coal prices could materially and adversely affect the Company' s operating results and profitability and the value of its coal reserves and resources. Peabody Energy ~~Corporation2022~~ **Corporation2023** Form 10- ~~K27Coal~~ **K26Coal** prices are dependent upon factors beyond the Company' s control, including: • the demand for electricity and capacity utilization of electricity generating units (whether coal or non- coal); • changes in the fuel consumption and dispatch patterns of electric power generators, whether based on economic or non- economic factors; • the proximity, capacity and cost of transportation and terminal facilities; • competition with and the availability, quality and price of coal and alternative fuels, including natural gas, fuel oil, nuclear, hydroelectric, wind, biomass and solar power; • governmental regulations and taxes, including tariffs or other trade restrictions as well as those establishing air emission standards for coal- fueled power plants or mandating or subsidizing increased use of electricity from renewable energy sources; • the strength of the global economy; • the global supply and production costs of thermal and metallurgical coal; • the demand for steel, which may lead to price fluctuations in the monthly and quarterly repricing of the Company' s metallurgical coal contracts; • weather patterns, severe weather and natural disasters; • regulatory, administrative and judicial decisions, including those affecting future mining permits and leases; • competing technologies used to make steel, some of which do not use coal as a manufacturing input, such as electric arc furnaces; and • technological developments, including those related to alternative energy sources, those intended to convert coal- to- liquids or gas and those aimed at capturing, using and storing carbon dioxide. Thermal coal accounted for the majority of the Company' s coal sales by volume during **2023 and** 2022 ~~and 2021~~, with the vast majority of these sales to electric power generators. The demand for coal consumed for electric power generation is affected by many of the factors described above, but primarily by (i) the overall demand for electricity; (ii) the availability, quality and price of competing fuels, such as natural gas, nuclear, fuel oil and alternative energy sources; (iii) utilization of all electricity generating units (whether using coal or not), including the relative cost of producing electricity from multiple fuels, including coal; (iv) stringent environmental and other governmental regulations; (v) other sociopolitical views on coal; and (vi) the coal inventories of utilities. Gas- fueled generation has displaced and could continue to displace coal- fueled generation (particularly from older, less efficient coal- fueled generation units) as current and potentially increasing regulatory costs and other factors impact the operating decisions of electric power generators. In addition, some electric power generators have made decisions to close coal- fueled generation units given ongoing pressure to shift away from coal generation. Many of the new power plants in the U. S. may be fueled by natural gas because gas- fired plants have been less expensive to construct, permits to construct these plants are easier to obtain based on emissions profiles and electric power generators may face public and governmental pressure to generate a larger portion of their electricity from natural gas- fueled units and alternative energy sources. Increasingly stringent regulations along with stagnant electricity demand in recent years have also reduced the number of new power plants being built. In recent years, these trends have reduced demand for the Company' s coal and the related prices. Lower demand for coal consumed by electric power generators could reduce the volume of thermal coal that the Company sells and the prices that it receives for the thermal coal, thereby reducing its revenue and adversely impacting its earnings and the value of its coal reserves and resources. The Company produces metallurgical coal that is used in the global steel industry. Metallurgical coal accounted for approximately **26 % and** 32 % ~~and 22 %~~ of its revenue in **2023 and** 2022 ~~and 2021~~, respectively. Changes in governmental policies and regulations and changes in the steel industry, including the demand for steel, could reduce the demand for the Company' s metallurgical coal. Lower demand for metallurgical coal in international markets could reduce the amount of metallurgical coal that the Company sells and the prices that it receives for the metallurgical coal, thereby reducing its revenue and adversely impacting its earnings and the value of its coal reserves and resources. The balance between coal demand and supply, factoring in demand and supply of closely related and competing fuel sources, both domestically and internationally, could materially reduce coal prices and therefore materially reduce the Company' s revenue and profitability. The Company competes with other fuel sources used for electricity generation, such as natural gas, nuclear and renewables. The Company' s seaborne products compete with other producers as well as other fuel sources. Declines in the price of natural gas could cause demand for coal to decrease and adversely affect the price of coal. Sustained periods of low natural gas prices or low prices for other fuels may also cause utilities to phase out or close existing coal- fueled power plants or reduce construction of new coal- fueled power plants. In the U. S., no new coal- fueled power plants are being constructed or reopened after closure. These closures could have a material adverse effect on demand and prices for the Company' s coal, thereby reducing its revenue and materially and adversely affecting its business and results of operations. Peabody Energy ~~Corporation2022~~ **Corporation2023** Form 10- ~~K28~~ **K27** If a substantial number of the Company' s long- term coal supply agreements, including those with its largest customers, terminate, or if the pricing, volumes or other elements of those agreements materially adjust, its revenue and operating profits could suffer if the Company is unable to find alternate buyers willing to purchase its coal on comparable terms to those in its contracts. Most of the Company' s sales are made under coal supply agreements, which are important to the stability and profitability of its operations. The execution of a satisfactory coal supply agreement is frequently the basis on which the Company undertakes the development of coal reserves and resources required to be supplied under the contract, particularly in the U. S. For the year ended December 31, ~~2022~~ **2023** , the Company derived ~~28~~ **25** % of its revenue from coal supply agreements from its five largest customers. Those five customers were supplied primarily from ~~16~~ **13** coal supply agreements (excluding trading and brokerage transactions) expiring at various times from ~~2023~~ **2024** to 2025. Many of the Company' s coal supply agreements contain provisions that permit the parties to adjust the contract price upward or downward at specified times. The Company may adjust these contract prices based on inflation or deflation, price indices and / or changes in the factors affecting the cost of producing coal, such as taxes, fees, royalties and changes in the laws regulating the mining, production, sale or use of coal. In a limited number of contracts, failure of the parties to agree on a price under those provisions may allow either party to terminate the contract. The Company may experience reductions in coal prices in new long- term coal supply agreements replacing some of its expiring contracts. Coal supply agreements also typically contain force majeure provisions allowing temporary suspension of performance by the Company or the customer during the duration of specified events beyond the control of the affected party. Some coal supply agreements allow customers to vary the volumes of coal that they are required to purchase during a particular period, and where coal supply agreements do not explicitly allow such variation, customers sometimes request that the Company amend the agreements to allow for such variation. Most of its coal supply agreements contain provisions requiring the Company to deliver coal meeting quality thresholds for certain characteristics such as Btu, sulfur content, ash content, volatile matter, coking properties, grindability and ash fusion temperature. Failure to meet these specifications could result in economic penalties, including price adjustments, the rejection of deliveries or termination of the contracts. Moreover, some of these agreements allow the Company' s customers to terminate their contracts in the event of changes in regulations affecting the coal industry that restrict the use or type of coal permissible at the customer' s plant or increase the price of coal beyond specified limits. On an ongoing basis, the Company discusses the extension of existing agreements or entering into new long- term agreements with various customers, but these negotiations may not be successful and these customers may not continue to purchase coal from the Company under long- term supply agreements. The operating profits the Company realizes from coal sold under supply agreements depend on a variety of factors. In addition, price adjustment and other contract provisions may increase its exposure to short- term coal price volatility. If a substantial portion of the Company' s coal supply agreements were modified or terminated, it could be materially adversely affected to the extent that it is unable to find alternate buyers for its coal at the same level of profitability. Prices for coal vary by mining region and country. As a result, the Company cannot predict the future strength of the coal industry overall or by mining region and cannot provide assurance that it will be able to replace existing long- term coal supply agreements at the same prices or with similar profit margins when they expire. In addition, the Company' s revenue could be adversely affected by a decline in customer purchases (including contractually obligated purchases) due to lack of demand and oversupply, cost of competing fuels and environmental and other governmental regulations. Peabody Energy ~~Corporation2022~~ **Corporation2023** Form 10- ~~K29~~ **K28** Risks inherent to mining could increase the cost of operating the Company' s business, and events and conditions that could occur during the course of its mining operations could have a material adverse impact on the Company. The Company' s mining operations are subject to conditions that can impact the safety of its workforce, delay coal deliveries or increase the cost of mining at particular mines for varying lengths of time. These conditions include: • elevated gas levels; • fires and explosions, including from methane gas or coal dust; • accidental mine water discharges; • weather, flooding and natural disasters; • hazardous events such as roof falls and high wall or tailings dam failures; • seismic activities, ground failures, rock bursts or structural cave- ins or slides; • key equipment failures; • supply chain constraints or unavailability of equipment or parts; • variations in coal seam thickness, coal quality, the amount of rock and soil overlying coal deposits and geologic conditions impacting mine sequencing; • delays in moving its longwall equipment; • unexpected maintenance problems; and • unforeseen delays in implementation of mining technologies that are new to its operations. The Company maintains insurance policies that provide limited coverage for some of the risks referenced above, which may lessen the impact associated with these risks. However, there can be no assurance as to the amount or timing of recovery under its insurance policies in connection with losses associated with these risks. The Company' s take- or- pay arrangements could unfavorably affect its profitability. The Company has substantial take- or- pay arrangements with its port access and rail transportation providers, predominately in Australia, totaling $ 1. ~~4~~ **2** billion, with terms ranging up to 20 years, that commit the Company to pay a minimum amount for the delivery of coal even if those commitments go unused. The take- or- pay provisions in these contracts sometimes allow the Company to apply amounts paid for subsequent deliveries, but these provisions have limitations and the Company may not be able to apply all such amounts so paid in all cases. Also, the Company may not be able to utilize the amount of capacity for which it has previously paid. Additionally, the Company may continue to deliver coal during times when it might otherwise be optimal to suspend operations because these take- or- pay provisions effectively convert a variable cost of selling coal to a fixed operating cost. The Company may not recover its investments in its mining, exploration and other assets, which may require the Company to recognize impairment charges related to those assets. The value of the Company' s assets have from time to time been adversely affected by numerous uncertain factors, some of which are beyond its control, including unfavorable changes in the economic environments in which it operates; declining coal- fired electricity generation; lower- than- expected coal pricing; technical and geological operating difficulties; an inability to economically extract its coal reserves and resources; and unanticipated increases in operating costs. These factors may trigger the recognition of additional impairment charges in the future, which could have a substantial impact on the Company' s results of operations. Because of the volatile and cyclical nature of coal markets, it is reasonably possible that the Company' s current estimates of projected future cash flows from its mining assets may change in the near term, which may result in the need for adjustments to the carrying value of its assets. The Company' s ability to operate effectively could be impaired if it loses key personnel or fails to attract qualified personnel.

Peabody manages its business with a number of key personnel, the loss of whom could have a material adverse effect on the Company, absent the completion of an orderly transition. In addition, the Company believes that its future success will depend greatly on its continued ability to attract and retain highly skilled and qualified personnel in tight labor markets, particularly personnel with mining experience. Peabody cannot provide assurance that key personnel will continue to be employed by the Company or that it will be able to attract and retain qualified personnel in the future. Failure to retain or attract key personnel could have a material adverse effect on the Company. Peabody Energy ~~Corporation2022~~ **Corporation2023** Form 10- ~~K30~~ **K29** The Company could be negatively affected if it fails to maintain satisfactory labor relations. As of December 31, ~~2022~~ **2023**, the Company had approximately 5, ~~500~~ **400** employees (excluding employees that were employed at operations classified as discontinued), which included approximately 4, ~~300~~ **200** hourly employees. The Company is party to labor agreements with various labor unions that represent certain of its employees. Such labor agreements are negotiated periodically, and, therefore, the Company is subject to the risk that these agreements may not be able to be renewed on reasonably satisfactory terms. Approximately ~~34~~ **38** % of its hourly employees were represented by organized labor unions and generated approximately ~~16~~ **18** % of its coal production for the year ended December 31, ~~2022~~ **2023**. Relations with its employees and, where applicable, organized labor are important to the Company' s success. If some or all of its current non- union operations were to become unionized, the Company could incur an increased risk of work stoppages, reduced productivity and higher labor costs. Also, if the Company fails to maintain good relations or successfully negotiate contracts with its employees who are represented by unions, the Company could potentially experience labor disputes, strikes, work stoppages, slowdowns or other disruptions in production that could negatively impact its profitability. The Company could be adversely affected if it fails to appropriately provide financial assurances for its obligations. U. S. federal and state laws and Australian laws require the Company to provide financial assurances related to requirements to reclaim lands used for mining; to pay federal and state workers' compensation, such as black lung liabilities; to provide financial assurances for coal lease obligations; and to satisfy other miscellaneous obligations. ~~The~~ **Historically, the** primary methods the Company **has** ~~uses~~ **used** to meet those obligations are to provide a third- party surety bond or a letter of credit. **In recent years, the Company has also utilized deposits with regulatory authorities or cash backed bank guarantees.** As of December 31, ~~2022~~ **2023**, the Company had $ 1, ~~376~~ **139**. ~~8~~ **9** million of outstanding surety bonds ~~and~~ **;** $ ~~569~~ **276**. ~~6~~ **7 million of deposits with regulatory authorities; $ 275. 1** million of letters of credit with third parties **; and $ 64. 9 million of cash backed bank guarantees** in order to provide required financial assurances for post- mining reclamation, workers' compensation and other insurance obligations, coal lease- related and other obligations and performance guarantees, in addition to collateral for sureties **. Under the Company' s agreement with the providers of its surety portfolio, the Company has $ 444. 0 million in cash held in trust accounts for the benefit of certain surety providers as of December 31, 2023**. The Company' s financial assurance obligations may increase or become more costly due to a number of factors, and surety bonds and letters of credit may not be available to the Company, particularly in light of some banks and insurance companies' announced unwillingness to support thermal coal producers and other fossil fuel companies. Alternative forms of financial assurance such as self- bonding have been severely restricted or terminated in most of the regions where its mines reside. The Company' s failure to retain, or inability to obtain, surety bonds, bank guarantees or letters of credit, or to provide a suitable alternative, could have a material adverse effect on it. That failure could result from a variety of factors including: • lack of availability, higher expense or unfavorable market terms of new surety bonds, bank guarantees or letters of credit; • inability to provide or fund collateral for current and future third- party issuers of surety bonds, bank guarantees or letters of credit; and • lack of available fronting banks in certain countries where the Company must provide financial assurances but its primary surety providers are not licensed or admitted. As further described in " Liquidity and Capital Resources " of Part II, Item 7. " Management' s Discussion and Analysis of Financial Condition and Results of Operations, " ~~in November 2020,~~ the Company **has** ~~entered into~~ a surety transaction support agreement with the providers of its surety bond portfolio. The Company' s failure to provide adequate collateral, or abide by other terms in the agreement, could invalidate the agreement and materially and adversely affect its business and results of operations. The Company' s failure to maintain adequate bonding would invalidate its mining permits and prevent mining operations from continuing, which could result in its inability to continue as a going concern. Peabody Energy ~~Corporation2022~~ **Corporation2023** Form 10- **K30** K31 The Company' s mining operations...... which could negatively impact its liquidity. If the assumptions underlying the Company' s asset retirement obligations for reclamation and mine closures are materially inaccurate, its costs could be significantly greater than anticipated. The Company' s asset retirement obligations primarily consist of spending estimates for surface land reclamation and support facilities at both surface and underground mines in accordance with federal and state reclamation laws in the U. S. and Australia as defined by each mining permit. These obligations are determined for each mine using various estimates and assumptions including, among other items, estimates of disturbed acreage as determined from engineering data, estimates of future costs to reclaim the disturbed acreage and the timing of these cash flows, which is driven by the estimated economic life of the mine and the applicable reclamation laws. These cash flows are discounted using a credit- adjusted, risk- free rate. The Company' s management and engineers periodically review these estimates. If its assumptions do not materialize as expected, actual cash expenditures and costs that the Company incurs could be materially different than currently estimated. Moreover, regulatory changes could increase the Company' s obligation to perform reclamation, mine closing and post- closure activities. The resulting estimated asset retirement obligation could change significantly if actual amounts change significantly from its assumptions, which could have a material adverse effect on its results of operations and financial condition. The Company' s ~~K31 The Company' s~~ mining operations are extensively regulated,which imposes significant costs on it,and future regulations and developments could increase those costs or limit its ability to produce coal.The coal mining industry is subject to regulation by federal,state and local authorities with respect to matters such as:• workplace health and safety;• limitations on land use;• mine permitting and licensing requirements;• reclamation and restoration of mining properties after mining is completed;• the storage,treatment and disposal of wastes;• remediation of contaminated soil,sediment and groundwater;• air quality standards;•

water pollution;• protection of human health,plant- life and wildlife,including endangered or threatened species and habitats;• protection of wetlands;• the discharge of materials into the environment;and • the effects of mining on surface water and groundwater quality and availability.Regulatory agencies have the authority under certain circumstances following significant health and safety incidents to order a mine to be temporarily or permanently closed.In the event that such agencies ordered the closing of one of the Company' s mines,its production and sale of coal would be disrupted and it may be required to incur cash outlays to re- open the mine.Any of these actions could have a material adverse effect on the Company' s financial condition,results of operations and cash flows.New legislation,regulations or orders related to the environment or employee health and safety may be adopted and may materially adversely affect the Company' s mining operations,its cost structure or its customers' ability to use coal.New legislation or administrative regulations (or new interpretations by the relevant government of existing laws,regulations and approvals),including proposals related to the protection of the environment or the reduction of **GHG** ~~greenhouse gas~~ emissions that would further regulate and tax the coal industry,may also require the Company or its customers to change operations significantly or incur increased costs.Some of the Company' s coal supply agreements contain provisions that allow a purchaser to terminate its contract if legislation is passed that either restricts the use or type of coal permissible at the purchaser' s plant or results in specified increases in the cost of coal or its use.These factors and legislation,if enacted,could have a material adverse effect on the Company' s financial condition and results of operations.For additional information about the various regulations affecting the Company,see the sections entitled " Regulatory Matters — U.S." and " Regulatory Matters — Australia." **Peabody Energy Corporation2023 Form 10- K31** The Company' s operations may impact the environment or cause exposure to hazardous substances,and its properties may have environmental contamination,which could result in material liabilities to the Company.The Company' s operations currently use hazardous materials and generate limited quantities of hazardous wastes from time to time.A number of laws,including CERCLA and RCRA in the U.S.and similar laws in other countries where the Company operates,impose liability relating to contamination by hazardous substances.Such liability may involve the costs of investigating or remediating contamination and damages to natural resources,as well as claims seeking to recover for property damage or personal injury caused by hazardous substances.Such liability may arise from conditions at formerly,as well as currently,owned or operated properties,and at properties to which hazardous substances have been sent for treatment,disposal or other handling.Liability under RCRA,CERCLA and similar state statutes is without regard to fault,and typically is joint and several,meaning that a person may be held responsible for more than its share,or even all,of the liability involved. ~~Peabody Energy Corporation2022 Form 10- K32~~ The Company may be unable to obtain,renew or maintain permits necessary for its operations,or the Company may be unable to obtain,renew or maintain such permits without conditions on the manner in which it runs its operations,which would reduce its production,cash flows and profitability.Numerous governmental permits and approvals are required for mining operations.The permitting rules,and the interpretations of these rules,are complex,change frequently and are often subject to discretionary interpretations by regulators,all of which may make compliance more difficult or impractical.As part of this permitting process,when the Company applies for permits and approvals,it is required to prepare and present to governmental authorities data pertaining to the potential impact or effect that any proposed exploration for or production of coal may have upon the environment.The public,including non- governmental organizations,opposition groups and individuals,have statutory rights to comment upon and submit objections to requested permits and approvals (including modifications and renewals of certain permits and approvals) and otherwise engage in the permitting process,including bringing citizens' lawsuits to challenge the issuance of permits,the validity of environmental impact statements or the performance of mining activities.In recent years,the permitting required for coal mining has been the subject of increasingly stringent regulatory and administrative requirements and extensive litigation by environmental groups.Additionally,the Company' s operations may be affected by sites within or near mining areas that have cultural heritage significance to indigenous peoples,and its mining permits may be rescinded or modified,or its mining plans may be voluntarily adjusted,to mitigate against adverse impacts to such sites.The costs,liabilities and requirements associated with these permitting requirements and any related opposition may be extensive and time- consuming and may delay commencement or continuation of exploration or production which would adversely affect the Company' s coal production,cash flows and profitability.Further,required permits may not be issued or renewed in a timely fashion or at all,or permits issued or renewed may be conditioned in a manner that may restrict the Company' s ability to efficiently and economically conduct its mining activities,any of which would materially reduce its production,cash flows and profitability.Concerns about the impacts of coal combustion on global climate are increasingly leading to conditions that have affected and could continue to affect demand for the Company' s products or its securities and its ability to produce,including increased governmental regulation of coal combustion and unfavorable investment decisions by electricity generators.Global climate issues continue to attract public and scientific attention.Numerous reports,including the Fourth and the Fifth Assessment Report of the Intergovernmental Panel on Climate Change,have also engendered concern about the impacts of human activity,especially fossil fuel combustion,on global climate issues.In turn,increasing government attention is being paid to global climate issues and to emissions of **GHGs** ~~greenhouse gases~~ ,including emissions of **CO2** ~~carbon dioxide~~ from coal combustion by power plants.The enactment of future laws or the passage of regulations regarding emissions from the use of coal by the U.S.,some of its states or other countries,or other actions to limit such emissions,could result in electricity generators switching from coal to other fuel sources.Further,policies limiting available financing for the development of new coal- fueled power stations could adversely impact the global demand for coal in the future.The potential financial impact on Peabody of such future laws,regulations or other policies will depend upon the degree to which any such laws or regulations force electricity generators to diminish their reliance on coal as a fuel source.That,in turn,will depend on a number of factors,including the specific requirements imposed by any such laws,regulations or other policies,the time periods over which those laws,regulations or other policies would be phased in,the state of development and deployment of CCUS technologies as well as acceptance of CCUS technologies to meet regulations and the alternative uses for coal.Higher- efficiency coal- fired power plants may also be an option for meeting laws or regulations related to emissions from coal use.Several countries,including major coal users such as China,India and Japan,included using higher- efficiency coal- fueled power plants in their plans under the Paris Agreement. **Peabody Energy Corporation2023 Form 10- K32** From time to time,the Company' s ~~board~~ **Board** of ~~directors~~ **Directors** and management attempt to analyze the potential impact on the Company of as- yet- unadopted,potential laws,regulations and policies.Such analyses require significant assumptions as to the specific provisions of such potential laws,regulations and policies which sometimes show that if implemented in the manner assumed by the analyses,the potential laws,regulations and policies could result in material adverse impacts on the Company' s operations,financial condition or cash flows.Such analyses cannot be relied upon to reasonably predict the quantitative impact that future laws,regulations or other policies may have on the Company' s results of operations,financial condition or cash flows. ~~Peabody Energy Corporation2022 Form 10- K33~~ Numerous activist groups are devoting substantial resources to anti- coal activities to minimize or eliminate the use of coal as a source of electricity generation,domestically and internationally,thereby further reducing the demand and pricing for coal,and potentially materially and adversely impacting the Company' s future financial results,liquidity and growth prospects.Several non- governmental organizations have undertaken campaigns to minimize or eliminate the use of coal as a source of electricity generation in the U.S.and across the globe.In an effort to stop or delay coal mining activities,activist groups have brought lawsuits challenging the issuance of individual coal leases and challenging the federal coal leasing program more broadly.Other lawsuits challenge historical and pending regulatory approvals,permits and processes that are necessary to conduct coal mining operations or to operate coal- fueled power plants,including so- called " sue and settle " lawsuits where regulatory authorities in the past have reached private agreements with environmental activists that often involve additional regulatory restrictions or processes being implemented without formal rulemaking.The effect of these and other similar developments has made it more costly and difficult to maintain the Company' s business.These cost increases and / or substantial or extended declines in the prices the Company receives for its coal due to these or other factors could reduce its revenue and profitability,cash flows,liquidity,and value of its coal reserves and resources,and could result in material losses.The Company' s trading and hedging activities do not cover certain risks and may expose it to earnings volatility and other risks. ~~In addition~~ **The Company is subject** to coal price volatility, ~~the Company is currently subject to~~ price volatility on diesel fuel utilized in its mining operations and **foreign currency exchange rate risk associated with** the Australian dollar.The Company **hedges** ~~has entered into~~ certain **of these risks through** hedging arrangements ~~to address these risks,~~ and may continue in the future to enter into hedging arrangements,including economic hedging arrangements,to manage these risks or other exposures.Since the Company' s existing hedging arrangements do not receive cash flow hedge accounting treatment,all changes in fair value are reflected in current earnings.Some of these hedging arrangements may require the Company to post margin based on the value of the related instruments and other credit factors.If the fair value of its hedge portfolio moves significantly,or if laws,regulations or exchange rules are passed requiring all hedge arrangements to be exchange- traded or exchange- cleared,the Company could be required to post additional margin,which could negatively **impact its liquidity.The Company' s** future success depends upon its ability to continue acquiring and developing coal reserves and resources that are economically recoverable. The Company' s recoverable reserves and resources decline as it produces coal. The Company has not yet applied for the permits required or developed the mines necessary to use all of its reserves and resources. Moreover, the amount of coal reserves and resources described in Part I, Item 2. " Properties " involves the use of certain estimates and those estimates could be inaccurate. Actual production, revenue and expenditures with respect to its coal reserves and resources may vary materially from estimates.