

PEABODY ENERGY CORP
Form DEF 14A
March 25, 2014

UNITED STATES

SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

SCHEDULE 14A

(RULE 14A-101)

Information Required in Proxy Statement

Schedule 14A Information

Proxy Statement Pursuant to Section 14(a) of the Securities

Exchange Act of 1934 (Amendment No.)

Filed by the Registrant

Filed by a Party other than the Registrant

Check the appropriate box:

- Preliminary Proxy Statement
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- Definitive Proxy Statement
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- Soliciting Material Pursuant to §240.14a-12

PEABODY ENERGY CORPORATION

(Name of Registrant as Specified In Its Charter)

(Name of Person(s) Filing Proxy Statement, if other than the Registrant)

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- No fee required.
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1) Amount Previously Paid:

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3) Filing Party:

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SEC 1913 (02-02)

March 25, 2014

Dear Shareholder:

You are cordially invited to attend the 2014 Annual Meeting of Shareholders of Peabody Energy Corporation, which will be held on Thursday, May 8, 2014, at 10:00 a.m., Central Time, at The Ritz-Carlton, St. Louis, 100 Carondelet Plaza, Clayton, Missouri.

During this meeting, shareholders will vote on the following items:

1. Election of 12 Directors for a one-year term;
2. Ratification of the appointment of Ernst & Young LLP as our independent registered public accounting firm for the fiscal year ending December 31, 2014;
3. Advisory resolution to approve named executive officer compensation; and
4. Consideration of any other business that may properly come before the meeting.

The accompanying Notice of Annual Meeting of Shareholders and Proxy Statement contain complete details on these items and other matters. We also will be reporting on our business and responding to shareholder questions. If you have questions that you would like to raise at the meeting, we encourage you to submit written questions in advance (by mail or e-mail) to our Corporate Secretary. This will help us respond to your questions during the meeting. If you would like to e-mail your questions, please send them to ir@peabodyenergy.com.

Your understanding of and participation in the Annual Meeting is important, regardless of the number of shares you hold. To ensure your representation, we encourage you to vote over the telephone or Internet or to complete and return a proxy card as soon as possible. If you attend the Annual Meeting, you may then revoke your proxy and vote in person if you so desire.

Thank you for your continued support of Peabody Energy. We look forward to seeing you on May 8.

Very truly yours,

GREGORY H. BOYCE

Chairman and Chief Executive Officer

PEABODY ENERGY

Peabody Plaza

701 Market Street

St. Louis, MO 63101-1826

NOTICE OF 2014 ANNUAL MEETING OF SHAREHOLDERS

Peabody Energy Corporation (the Company) will hold its Annual Meeting of Shareholders at The Ritz-Carlton, St. Louis, 100 Carondelet Plaza, Clayton, Missouri, on Thursday, May 8, 2014, at 10:00 a.m., Central Time, to:

1. Elect 12 Directors for a one-year term;
2. Ratify the appointment of Ernst & Young LLP as our independent registered public accounting firm for the fiscal year ending December 31, 2014;
3. Vote on an advisory resolution to approve named executive officer compensation; and

4. Consider any other business that may properly come before the Annual Meeting.

The Board of Directors has fixed March 14, 2014 as the record date for determining shareholders who will be entitled to receive notice of and vote at the Annual Meeting or any adjournment. Each share of Common Stock is entitled to one vote. As of the record date, there were 271,326,394 shares of Common Stock outstanding.

If you own shares of Common Stock as of March 14, 2014, you may vote those shares via the Internet, by telephone or by attending the Annual Meeting and voting in person. If you received your proxy materials by mail, you may also vote your shares by completing and mailing your proxy/voting instruction card.

Your vote is important. Whether or not you plan to attend the Annual Meeting, please cast your vote by telephone or the Internet, or complete, date and sign a proxy card and return it in the envelope provided. If you attend the Annual Meeting, you may withdraw your proxy and vote in person, if you so choose.

ALEXANDER C. SCHOCH

Executive Vice President Law,

Chief Legal Officer and Secretary

March 25, 2014

IMPORTANT INFORMATION IF YOU PLAN TO ATTEND THE ANNUAL MEETING:

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An admittance card or other proof of ownership, together with valid government-issued photo identification such as a driver's license or passport, is required to attend the Annual Meeting. If you are a shareholder of record, please retain the admission card printed on your Notice of Internet Availability of Proxy Materials or your proxy card for this purpose. Also, please indicate your intention to attend the Annual Meeting by checking the appropriate box on the proxy card, or, if voting by the Internet or by telephone, when prompted. If your shares are held by a bank or broker, you will need to ask that record holder for an admission card in the form of a confirmation of beneficial ownership. If you do not receive a confirmation of beneficial ownership or other admittance card from your bank or broker, you must bring proof of share ownership (such as a copy of your most recent brokerage statement) to the Annual Meeting. Please note that seating in the meeting room is limited and you may be required to view the meeting from an overflow room.

PEABODY ENERGY CORPORATION 1

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PROXY STATEMENT SUMMARY

This summary highlights information contained elsewhere in this Proxy Statement. This summary does not contain all of the information that you should consider. You should read the entire Proxy Statement carefully before voting. For more complete information regarding our 2013 operating performance, please review our Annual Report on Form 10-K.

2014 Annual Meeting of Shareholders

§ **Date and Time:** May 8, 2014, 10:00 a.m., Central Time

§ **Place:** The Ritz-Carlton, St. Louis, 100 Carondelet Plaza, Clayton, Missouri

§ **Record Date:** March 14, 2014

§ **Voting:** Shareholders as of the close of business on the record date are entitled to vote. Each share of common stock is entitled to one vote for each director nominee and one vote for each of the other proposals to be voted on.

§ **Common Shares Outstanding as of Record Date:** 271,326,394

§ **Registrar & Transfer Agent:** American Stock Transfer & Trust Company, LLC

§ **State of Incorporation:** Delaware

Meeting Agenda and Voting Recommendations

	Our Board's Recommendation
Election of Directors (page 14)	FOR each nominee
Ratification of Auditors (page 67)	FOR
Advisory resolution to approve named executive officer compensation (page 68)	FOR
Consider other business that properly comes before the meeting	

Our Director Nominees

Name	Age	Director Since	Principal Occupation	Committee Memberships					Other Public Company Boards
				A	C	E	HSSE	NCG	
Gregory H. Boyce	59	2005	Chairman and Chief Executive Officer			Ch			2
Robert A. Malone*	62	2009	Lead Independent Director,		M	M			1

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			Former Executive Vice President, BP plc and Former Chairman and President, BP Americas Inc.						
William A. Coley*	70	2004	Former Chief Executive Officer,	Ch	M	M		0	
William E. James*	68	2001	British Energy Group plc Managing General Partner,	M			M	1	
Robert B. Karn III*	72	2003	Rockport Capital Partners LLC Former Managing Partner,	M	M			1	
Henry E. Lentz*	69	1998	Arthur Andersen LLP Former Managing Director,				M	Ch	4**
William C. Rusnack*	69	2002	Lazard Freres & Co. LLC Former President and Chief	Ch	M		M	2	
Michael W. Sutherlin*	67	2014	Executive Officer, Premcor Inc. Former President and Chief				M	1	
			Executive Officer, Joy Global, Inc.						

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PROXY STATEMENT SUMMARY (continued)

Name	Age	Director Since	Principal Occupation	Committee Memberships					Other Public Company Boards
				A	C	E	HSSE	NCG	
John F. Turner*	72	2005	Former U.S. Assistant Secretary of State for the Bureau of Oceans and International Environmental and Scientific Affairs				M	M	3
Sandra A. Van Trease*	53	2003	Group President, BJC Healthcare	M			Ch		1
Alan H. Washkowitz*	73	1998	Former Managing Director, Lehman Brothers Inc.	M				M	1
Heather A. Wilson*	54	2013	President, South Dakota School of Mines and Technology				M	M	0

*** Independent Director**

A Audit

C Compensation

E Executive

HSSE Health, Safety, Security and Environmental

NCG Nominating and Corporate Governance

M Member

Ch Chair

** Mr. Lentz will retire from the board of directors of Rowan Companies PLC on April 25, 2014.

Governance Highlights

Good corporate governance is a priority at Peabody. Highlights include:

- ü 11 of 12 Director Nominees are Independent

- ü Annual Election of All Directors

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- ii Majority Voting in Director Elections

- ii Lead Independent Director

- ii Structured Process for Board Risk Oversight

- ii Active Shareholder Outreach

- ii No Poison Pill

- ii Executive Compensation Clawback Policy

- ii Hedging and Pledging of Company Stock Prohibited

Executive Compensation Program Highlights

Our executive compensation practices for our named executive officers (NEOs) are designed to drive performance and align with our shareholders' long-term interests. Highlights include:

- ii Conduct ongoing shareholder engagement to seek feedback on our executive compensation program, disclosure practices and corporate governance

- ii Utilize performance-based (versus time-based) equity vehicles for most NEO long-term incentive awards

- ii Provide reasonable post-employment and change in control provisions through employment agreements and an Executive Severance Plan

- ii No excise tax gross-ups in new employment agreements

- ii Conduct annual review of executive compensation program design, market competitiveness and best practices

- ii Transition away from employment agreements to at will employment for all executive officers

- ii Conduct periodic reviews to minimize any features of our compensation program that might encourage undue risk-taking

- ii Prohibit re-pricing of underwater stock options

- ii Periodically review executive compensation tally sheets, which summarize all current and future compensation opportunities, in making compensation decisions

PROXY STATEMENT SUMMARY (continued)

- ii Maintain share ownership requirements for NEOs which reinforce our strong focus on executive stock ownership and shareholder alignment
- ii Provide limited perquisites (such as security-related travel arrangements for our Chairman and CEO, relocation and tax preparation and equalization services) only where business necessity dictates
- ii Retain an independent compensation consultant and independent legal counsel to provide guidance and support to the Compensation Committee and the independent members of the Board (the Special Committee)

New in 2014

- ii Included double-trigger change in control provisions in new NEO equity award agreements
- ii Updated share ownership program requirements to ensure no sales of Common Stock by an executive officer if he or she does not meet the applicable ownership level