45 YEARS PUBLIC CITIZEN
215 Pennsylvania Avenue, SE • Washington, DC 20003 • 202/588-1000 • www.citizen.org

May 17, 2016

Glenn Kellow, President & CEO, Peabody Energy
John W. Eaves, Chairman & CEO, Arch Coal
Kevin S. Crutchfield, Chairman & CEO, Alpha Natural Resources

Dear Executives Kellow, Eaves and Crutchfield,

Despite that over the last year all three of your companies declared bankruptcy and plan to lay off thousands of workers and slash retiree benefits, you have benefitted from tens of millions of dollars in record executive pay. We are writing to ask that you invest your multi-million dollar bonuses in a trust fund for the workers you have laid off.

Some American mining firms blame regulations and environmentalists for their bankruptcy, but in reality it was business decisions—acquisitions that ballooned debt at the exact time that coal demand was slumping, hobbling your companies' ability to respond to changing market conditions—all the while your companies enjoyed below-market access to the Nation's public coal reserves.

Executives like you were generously rewarded, even though you ignored these signs of change, and saddled your balance sheet with debt. *The Wall Street Journal* revealed that top Arch Coal executives received $8 million in bonuses a mere three days before the January bankruptcy filing. According to the Institute for Energy Economics and Financial Analysis, when Peabody Energy's stock was at its peak in 2011, the company's top five executives were compensated about $27 million. Even after Peabody stockholders lost $16 billion in value three years later and thousands of workers lost their jobs, executive rewards totaled $25 million.

As the *Casper Star-Tribune* editorial board highlighted on April 17, Alpha Natural Resources, Arch, and Peabody, paid "management teams $186 million in stock awards, incentives and other forms of compensation between 2012 and 2014." Since that time, all three of your companies have filed for bankruptcy protection.

You have historically pleaded to pay less in royalties for coal mined from our nation's lands—and you have succeeded. But you have not passed these savings on to your workforce. The headline of the *Casper Star-Tribune* editorial summed it up well: "Coal payouts turn American dream upside down." The piece gives poignant examples: "Almost 500 people who toiled for years at mines owned by Arch Coal and Peabody Energy were recently laid off," and "Alpha wants to slash retiree benefits for about 4,580 nonunion miners and their spouses. They would save roughly $3 million annually, or about 14 percent of the $20.8 million Alpha paid its management in 2014."

We encourage you to atone for your financial irresponsibility. Invest your multi-million dollar compensation in a trust fund for your laid off coal miners and their families.

It's time to ensure that American taxpayers earn a fair return for the use of their public resources and for companies mining our federal lands to give back to the people of this nation. As the Casper Star-Tribune artfully explained in an April 11 article (*As coal company profits fell, mining firms rewarded executives handsomely*): "executives should not prosper at the expense of their workers."

Sincerely,

Tyson Slocum, Energy Program Director
Public Citizen, Inc.