

CLOUD PEAK ENERGY INC.

Form 10-Q

April 29, 2016

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UNITED STATES SECURITIES AND EXCHANGE COMMISSION

WASHINGTON, D.C. 20549

FORM 10-Q

(Mark One)

QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the quarterly period ended March 31, 2016

or

TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the transition period from _____ to _____

Commission File Number: 001-34547

Cloud Peak Energy Inc.

(Exact name of registrant as specified in its charter)

Delaware
(State or other jurisdiction of
incorporation or organization)

26-3088162
(I.R.S. Employer
Identification No.)

505 S. Gillette Ave., Gillette, Wyoming
(Address of principal executive offices)

82716
(Zip Code)

(307) 687-6000

(Registrant's telephone number, including area code)

Indicate by check mark whether the registrant: (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days.

Yes No

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files).

Yes No

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See the definitions of "large accelerated filer," "accelerated filer" and "smaller reporting company" in Rule 12b-2 of the Exchange Act. (Check one):

Large
accelerated filer

Accelerated
filer

Non-accelerated filer
(Do not check if a smaller reporting company)

Smaller reporting
company

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act).

Yes No

Number of shares outstanding of Cloud Peak Energy Inc. s common stock, as of the latest practicable date: Common stock, \$0.01 par value per share, 61,264,051 shares outstanding as of April 20, 2016.

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CLOUD PEAK ENERGY INC.

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Unless the context indicates otherwise, the terms "Cloud Peak Energy," "the Company," "we," "us," and "our" refer to Cloud Peak Energy Inc. ("CPE") and its subsidiaries.

Table of Contents**PART I FINANCIAL INFORMATION****Item 1. Financial Statements.****CLOUD PEAK ENERGY INC.****UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF
OPERATIONS AND COMPREHENSIVE INCOME**

(in thousands, except per share data)

	Three Months Ended March 31,	
	2016	2015
Revenue	\$ 181,249	\$ 317,553
Costs and expenses		
Cost of product sold (exclusive of depreciation and depletion, amortization, and accretion)	165,035	264,317
Depreciation and depletion	19,102	24,536
Amortization of port access rights		928
Accretion	2,582	3,541
(Gain) loss on derivative financial instruments	1,962	4,785
Selling, general and administrative expenses	13,775	11,249
Impairments	4,154	
Other operating costs	284	213
Total costs and expenses	206,894	309,569
Operating income (loss)	(25,645)	7,984
Other income (expense)		
Interest income	37	49
Interest expense	(11,051)	(12,668)
Other, net	(389)	(337)
Total other income (expense)	(11,403)	(12,956)
Income (loss) before income tax provision and earnings from unconsolidated affiliates	(37,048)	(4,972)
Income tax benefit (expense)	1,421	280
Income (loss) from unconsolidated affiliates, net of tax	(748)	12
Net income (loss)	(36,375)	(4,680)
Other comprehensive income (loss)		
Postretirement medical plan amortization of prior service costs	362	313
Income tax on postretirement medical and pension adjustments	(971)	(116)
Other comprehensive income (loss)	(609)	197
Total comprehensive income (loss)	\$ (36,984)	\$ (4,483)
Income (loss) per common share:		
Basic	\$ (0.59)	\$ (0.08)
Diluted	\$ (0.59)	\$ (0.08)
Weighted-average shares outstanding - basic	61,191	60,935
Weighted-average shares outstanding - diluted	61,191	60,935

The accompanying notes are an integral part of these unaudited condensed consolidated financial statements.

Table of Contents**CLOUD PEAK ENERGY INC.****UNAUDITED CONDENSED CONSOLIDATED BALANCE SHEETS**

(in thousands)

	March 31, 2016	December 31, 2015
ASSETS		
Current assets		
Cash and cash equivalents	\$ 79,392	\$ 89,313
Accounts receivable	32,714	43,248
Due from related parties		160
Inventories, net	75,291	76,763
Income tax receivable	9,137	8,659
Other prepaid and deferred charges	15,699	25,945
Other assets	6,542	98
Total current assets	218,775	244,186
Noncurrent assets		
Property, plant and equipment, net	1,474,190	1,488,371
Goodwill	2,280	2,280
Other assets	62,613	67,323
Total assets	\$ 1,757,858	\$ 1,802,160
LIABILITIES AND EQUITY		
Current liabilities		
Accounts payable	\$ 26,850	\$ 44,385
Royalties and production taxes	65,883	74,054
Accrued expenses	47,993	42,317
Due to related parties	71	
Other liabilities	2,225	2,133
Total current liabilities	143,022	162,889
Noncurrent liabilities		
Senior notes	491,539	491,160
Asset retirement obligations, net of current portion	154,000	151,755
Accumulated postretirement medical benefit obligation, net of current portion	62,894	60,845
Royalties and production taxes	41,481	34,680
Other liabilities	12,258	12,950
Total liabilities	905,194	914,279
Commitments and Contingencies (Note 9)		
Equity		
Common stock (\$0.01 par value; 200,000 shares authorized; 61,740 and 61,647 shares issued and 61,263 and 61,170 outstanding at March 31, 2016 and December 31, 2015, respectively)	613	612
Treasury stock, at cost (477 shares at both March 31, 2016 and December 31, 2015)	(6,498)	(6,498)
Additional paid-in capital	576,639	574,874
Retained earnings	295,470	331,844
Accumulated other comprehensive income (loss)	(13,560)	(12,951)
Total equity	852,664	887,881
Total liabilities and equity	\$ 1,757,858	\$ 1,802,160

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The accompanying notes are an integral part of these unaudited condensed consolidated financial statements.

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CLOUD PEAK ENERGY INC.

UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS

(in thousands)

	Three Months Ended March 31,	
	2016	2015
Cash flows from operating activities		
Net income (loss)	\$ (36,375)	\$ (4,680)
Adjustments to reconcile net income (loss) to net cash provided by (used in) operating activities:		
Depreciation and depletion	19,102	24,536
Amortization of port access rights		928
Accretion	2,582	3,541
Impairments	4,154	
Loss (income) from unconsolidated affiliates, net of tax	748	(12)
Distributions of income from unconsolidated affiliates	1,500	
Deferred income taxes	(971)	(280)
Equity-based compensation expense	2,092	988
(Gain) loss on derivative financial instruments	1,962	4,785
Cash received (paid) on derivative financial instrument settlements	(2,309)	(2,029)
Net periodic postretirement benefit costs	2,413	
Non-cash logistic agreements expense	8,167	
Other	(278)	3,233
Changes in operating assets and liabilities:		
Accounts receivable	10,535	16,488
Inventories, net	1,453	1,828
Due to or from related parties	231	(1,293)
Other assets	5,553	(5,759)
Accounts payable and accrued expenses	(20,880)	(10,037)
Asset retirement obligations	(337)	(298)
Net cash provided by (used in) operating activities	(658)	31,939
Investing activities		
Purchases of property, plant and equipment	(7,621)	(6,405)
Cash paid for capitalized interest	(352)	
Investment in development projects	(750)	(750)
Payment of restricted cash		(6,500)
Other	18	(75)
Net cash provided by (used in) investing activities	(8,705)	(13,730)
Financing activities		
Payment of deferred financing costs		(314)
Other	(558)	(408)
Net cash provided by (used in) financing activities	(558)	(722)
Net increase (decrease) in cash and cash equivalents	(9,921)	17,487
Cash and cash equivalents at beginning of period	89,313	168,745
Cash and cash equivalents at end of period	\$ 79,392	\$ 186,232
Supplemental cash flow disclosures:		
Interest paid	\$ 7,765	\$ 7,469
Income taxes paid (refunded)	\$ 27	\$ 3,972

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Supplemental non-cash investing and financing activities:

Capital expenditures included in accounts payable	\$	1,552	\$	1,969
Assets acquired under capital leases	\$	115	\$	

The accompanying notes are an integral part of these unaudited condensed consolidated financial statements.

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CLOUD PEAK ENERGY INC.

NOTES TO UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

1. Organization and Business

We are one of the largest producers of coal in the United States of America (U.S.) and the Powder River Basin (PRB), based on our 2015 coal sales. We operate some of the safest mines in the coal industry. According to the most current Mine Safety and Health Administration (MSHA) data, we have one of the lowest employee all injury incident rates among the largest U.S. coal producing companies.

We currently operate solely in the PRB, the lowest cost region of the major coal producing regions in the U.S., where we own and operate three surface coal mines: the Antelope Mine, the Cordero Rojo Mine, and the Spring Creek Mine.

Our Antelope Mine and Cordero Rojo Mine are located in Wyoming and our Spring Creek Mine is located in Montana. Our mines produce subbituminous thermal coal with low sulfur content, and we sell our coal primarily to domestic and foreign electric utilities. We do not produce any metallurgical coal. Thermal coal is primarily consumed by electric utilities and industrial consumers as fuel for electricity generation. In 2015, the coal we produced generated approximately 3% of the electricity produced in the U.S.

In addition, we have two development projects. The Youngs Creek project, an undeveloped surface mine project in the Northern PRB region, is located in Wyoming, approximately 13 miles north of Sheridan, Wyoming, seven miles south of our Spring Creek Mine and seven miles from the mainline railroad, contiguous with the Wyoming-Montana state line. We have not been able to classify the Youngs Creek project mineral rights as proven and probable reserves as they remain subject to further exploration and evaluation based on market conditions. We also have an option to lease agreement and a corresponding exploration agreement with the Crow Tribe of Indians (the Big Metal project). The Big Metal project is located on the Crow Indian Reservation in southeast Montana and is near the Youngs Creek project. We are in the process of evaluating development options for the Youngs Creek project and the Big Metal project and believe that their proximity to the Spring Creek Mine represents an opportunity to optimize our mine developments in the Northern PRB. For purposes of this report, the term Northern PRB refers to the area within the PRB that lies within Montana and the northern part of Sheridan County, Wyoming.

In 2015, we addressed the issue of low seaborne thermal coal prices for international coal sales by mitigating our associated losses and take-or-pay exposure. We amended agreements with Westshore Terminals Limited Partnership (Westshore) and BNSF providing for reduced quarterly payments from 2016 through 2018. We will continue to meet regularly with Westshore and BNSF during the next several years to discuss market conditions, potential shipments, and the terms for such shipments. We do not expect to export any tons at current market prices.

Principles of Consolidation

The accompanying unaudited condensed consolidated financial statements have been prepared in conformity with accounting principles generally accepted in the United States (U.S. GAAP). In accordance with U.S. GAAP for interim financial statements, these unaudited

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condensed consolidated financial statements do not include certain information and note disclosures that are normally included in annual financial statements prepared in conformity with U.S. GAAP. The year-end unaudited condensed consolidated balance sheet data was derived from audited consolidated financial statements, but does not include all footnote disclosures required to be included in annual financial statements by U.S. GAAP. Accordingly, these unaudited condensed consolidated financial statements should be read in conjunction with the audited consolidated financial statements as of December 31, 2015 and 2014, and for each of the three years ended December 31, 2015, included in our Annual Report on Form 10-K for the year ended December 31, 2015 (2015 Form 10-K). In the opinion of management, the accompanying unaudited condensed consolidated financial statements contain all adjustments, which are of a normal and recurring nature, necessary to present fairly our financial position as of March 31, 2016, and the results of our operations, comprehensive income, and cash flows for the three months ended March 31, 2016 and 2015, in conformity with U.S. GAAP. Our results of operations for the three months ended March 31, 2016 are not necessarily indicative of the results that may be expected for future quarters or for the year ended December 31, 2016.

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CLOUD PEAK ENERGY INC.

NOTES TO UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

The preparation of our unaudited condensed consolidated financial statements in conformity with U.S. GAAP requires our management to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenue and expenses during the reporting periods. Significant estimates in these unaudited condensed consolidated financial statements include: assumptions about the amount and timing of future cash flows and related discount rates used in determining asset retirement obligations (AROs) and in testing long-lived assets and goodwill for impairment; the fair value of derivative financial instruments; the calculation of mineral reserves; equity-based compensation expense; workers' compensation claims; reserves for contingencies and litigation; useful lives of long-lived assets; postretirement employee benefit obligations; the recognition and measurement of income tax benefits and related deferred tax asset valuation allowances; and allowances for inventory obsolescence and net realizable value. Actual results could differ materially from those estimates.

Certain immaterial amounts in prior years have been reclassified to conform to the 2016 presentation. Due to the tabular presentation of rounded amounts, certain tables reflect insignificant rounding differences.

2. Accounting Policies and Standards Update

Recently Issued Accounting Pronouncements

From time to time, the Financial Accounting Standards Board (FASB) or other standard setting bodies issue new accounting pronouncements. Updates to the FASB Accounting Standards Codification are communicated through issuance of an Accounting Standards Update (ASU). Unless otherwise discussed, we believe that the impact of recently issued guidance, whether adopted or to be adopted in the future, is not expected to be material to our consolidated financial statements upon adoption.

In May 2014, the FASB issued ASU 2014-09, Revenue from Contracts with Customers (ASU 2014-09), as amended, requiring entities to provide greater insight into both revenue that has been recognized and revenue that is expected to be recognized in the future from existing contracts. The new guidance is effective for interim and annual periods beginning after December 15, 2017, although entities may adopt one year earlier if they choose. We are considering the impact the adoption of ASU 2014-09 may have on our results of operations, financial condition, and cash flows.

In February 2016, the FASB issued ASU 2016-02, Leases (ASU 2016-02), which would require the lessee to recognize the assets and liabilities on all leases that may have not been recognized in the past. The new guidance is effective for fiscal years beginning after December 15, 2018, including interim periods within those fiscal years. Early adoption is permitted. We are considering the impact the adoption of ASU 2016-02 may have on our results of operations, financial condition, and cash flows.

3. Inventories

Inventories, net, consisted of the following (in thousands):

	March 31, 2016	December 31, 2015
Materials and supplies	\$ 75,422	\$ 74,353
Less: Obsolescence allowance	(1,006)	(988)
Material and supplies, net	74,416	73,365
Coal inventory	875	3,398
Inventories, net	\$ 75,291	\$ 76,763

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We use a three-level fair value hierarchy that categorizes assets and liabilities measured at fair value based on the observability of the inputs utilized in the valuation. The levels of the hierarchy, as defined below, give the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities and the lowest priority to unobservable inputs.

- Level 1 is defined as observable inputs such as quoted prices in active markets for identical assets. Our Level 1 assets currently include money market funds.
- Level 2 is defined as observable inputs other than Level 1 prices. These include quoted prices for similar assets or liabilities in an active market, quoted prices for identical assets and liabilities in markets that are not active, or other inputs that are observable or can be corroborated by observable market data for substantially the full term of the assets or liabilities. Our Level 2 assets and liabilities include derivative financial instruments with fair values derived from quoted prices in over-the-counter markets or from prices received from direct broker quotes.
- Level 3 is defined as unobservable inputs in which little or no market data exists, therefore requiring an entity to develop its own assumptions. We had no Level 3 financial instruments as of March 31, 2016 or December 31, 2015.

The tables below set forth, by level, our financial assets and liabilities that are recorded at fair value in the accompanying unaudited condensed consolidated balance sheets (in thousands):

Description	Fair Value at March 31, 2016		
	Level 1	Level 2	Total
Assets			
Money market funds(1)	\$ 44,990	\$	\$ 44,990
Liabilities			
Derivative financial instruments	\$	\$ 10,387	\$ 10,387

Description	Fair Value at December 31, 2015		
	Level 1	Level 2	Total
Assets			

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Money market funds(1)	\$	41,285	\$	\$	41,285	
Liabilities						
Derivative financial instruments	\$		\$	10,734	\$	10,734

(1) Included in *Cash and cash equivalents* in the unaudited condensed consolidated balance sheets along with \$34.4 million and \$48.0 million of demand deposits at March 31, 2016 and December 31, 2015, respectively.

We did not have any transfers between levels during the three months ended March 31, 2016. Our policy is to value all transfers between levels using the beginning of period valuation.

5. Derivative Financial Instruments

Coal Contracts

We use derivative financial instruments to help manage our exposure to market changes in coal prices. To manage our exposure in the international markets, we have international coal forward contracts linked to forward Newcastle coal

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prices. We use domestic coal futures contracts referenced to the 8800 Btu coal price sold from the PRB, as quoted on the Chicago Mercantile Exchange (CME), to help manage our exposure to market changes in domestic coal prices.

Under the international coal forward contracts, if the monthly average index price is lower than the contract price, we receive the difference, and if the monthly average index price is higher than the contract price, we pay the difference. For our 2016 positions, we have executed offsetting contracts to lock in the amount we expect to receive each month.

Under the domestic coal futures contracts, if the monthly average index price is higher than the contract price, we receive the difference, and if the monthly average index price is lower than the contract price, we pay the difference. Amounts due to us or to the CME as a result of changes in the market price of our open domestic coal futures contracts and to fulfill margin requirements are received or paid through our brokerage bank on a daily basis; therefore, there is no asset or liability on the condensed consolidated balance sheets.

As of March 31, 2016, we held positions that are expected to settle in 2016 (in thousands, except per ton amounts):

	2016
International Coal Forward Contracts	
Notional amount (tons)	198
Net asset position	\$ 5,322
Weighted-average per ton	\$ 100.13
Domestic Coal Futures Contracts	
Notional amount (tons)	80
Weighted-average per ton	\$ 14.70

WTI Derivatives

We use derivative financial instruments, such as collars and swaps, to help manage our exposure to market changes in diesel fuel prices. The derivatives are indexed to the West Texas Intermediate (WTI) crude oil price as quoted on the New York Mercantile Exchange. As such, the nature of the derivatives does not directly offset market changes to our diesel costs.

Under a collar agreement, we pay the difference between the monthly average index price and a floor price if the index price is below the floor, and we receive the difference between the ceiling price and the monthly average index price if the index price is above the ceiling price. No amounts are paid or received if the index price is between the floor and ceiling prices. While we would not receive the full benefit of price decreases beyond the floor price, the collars mitigate the risk of crude oil price increases and thereby increased diesel costs that would otherwise

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have a negative impact on our cash flow. We used collar agreements to fix a portion of our forecasted diesel costs for 2016.

Under a swap agreement, if the monthly average index price is higher than the swap price, we receive the difference and if the monthly average index price is lower than the swap price, we pay the difference. We used swap agreements to fix a portion of our forecasted diesel costs for 2016 and all our forecasted diesel costs for 2017.

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CLOUD PEAK ENERGY INC.

NOTES TO UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

As of March 31, 2016, we held the following WTI derivative financial instruments:

Settlement Period	Floor		Ceiling		Swaps	
	Notional Amount (barrels in thousands)	Weighted-Average per Barrel	Notional Amount (barrels in thousands)	Weighted-Average per Barrel	Notional Amount (barrels in thousands)	Weighted-Average per Barrel
2016 swap positions (1)		\$		\$	256	\$ 63.92
2016 collar positions (1)	256	\$ 54.30	256	\$ 73.37		\$
2017 swap positions (2)		\$		\$	636	\$ 55.00
Total	256	\$ 54.30	256	\$ 73.37	892	\$ 57.56

(1) Represents 50% of expected diesel consumption for 2016.

(2) Represents 100% of expected diesel consumption for 2017.

Offsetting and Balance Sheet Presentation

	Gross Amounts Recognized		March 31, 2016 Gross Amounts Offset in the Consolidated Balance Sheet		Net Amounts Presented in the Consolidated Balance Sheet	
	Assets	Liabilities	Assets	Liabilities	Assets	Liabilities
	International coal forward contracts	\$ 5,492	\$ (170)	\$ (5,492)	\$ 5,492	\$
WTI derivative financial instruments		(15,709)				(15,709)
Total	\$ 5,492	\$ (15,879)	\$ (5,492)	\$ 5,492	\$	\$ (10,387)

	Gross Amounts Recognized		December 31, 2015 Gross Amounts Offset in the Consolidated Balance Sheet		Net Amounts Presented in the Consolidated Balance Sheet	
	Assets	Liabilities	Assets	Liabilities	Assets	Liabilities
	International coal forward contracts	\$ 7,462	\$ (398)	\$ (7,462)	\$ 7,462	\$
WTI derivative financial instruments		(17,798)				(17,798)

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Total	\$	7,462	\$	(18,196)	\$	(7,462)	\$	7,462	\$	(10,734)
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Net amounts of derivative liabilities are included in *Accrued expenses* in the unaudited condensed consolidated balance sheets. There were no cash collateral requirements at March 31, 2016 or December 31, 2015.

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CLOUD PEAK ENERGY INC.

NOTES TO UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

Derivative Gains and Losses

(Gain) loss on derivative financial instruments recognized in the unaudited condensed consolidated statement of operations and comprehensive income were as follows (in thousands):

	Three Months Ended March 31,	
	2016	2015
International coal forward contracts	\$ (39)	\$ (1,968)
Domestic coal futures contracts	11	3,898
WTI derivative financial instruments	1,990	2,855
Net derivative financial instruments loss (gain)	\$ 1,962	\$ 4,785

See Note 4 for a discussion related to the fair value of derivative financial instruments.

6. Senior Notes

Senior notes consisted of the following (in thousands):

	March 31, 2016			
	Principal	Unamortized Discount and Debt Issuance Costs	Carrying Value	Fair Value (1)
8.50% senior notes due 2019	\$ 300,000	\$ (4,530)	\$ 295,470	\$ 136,500
6.375% senior notes due 2024	200,000	(3,931)	196,069	66,500
Total senior notes	\$ 500,000	\$ (8,461)	\$ 491,539	\$ 203,000

	December 31, 2015			
	Principal	Unamortized Discount and Debt Issuance Costs	Carrying Value	Fair Value (1)
8.50% senior notes due 2019	\$ 300,000	\$ (4,785)	\$ 295,215	\$ 151,500
	200,000	(4,055)	195,945	61,000

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6.375% senior notes due
2024

Total senior notes	\$	500,000	\$	(8,840)	\$	491,160	\$	212,500
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(1) The fair value of the senior notes was based on observable market inputs, which are considered Level 2 in the fair value hierarchy.

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Changes in the carrying amount of our asset retirement obligations were as follows (in thousands):

	2016	2015
Balance at January 1,	\$ 153,155	\$ 217,312
Accretion expense	2,582	3,541
Revisions to estimated future reclamation cash flows		(13,586)
Payments	(337)	(298)
Balance at March 31,	155,400	206,969
Less: current portion	(1,400)	(1,071)
Asset retirement obligation, net of current portion	\$ 154,000	\$ 205,898

Revisions to estimated future reclamation cash flows reflect our regular updates to our estimated costs of closure activities throughout the lives of the respective mines and reflect changes in estimates of closure volumes, disturbed acreages, the timing of the reclamation activities, and third-party unit costs as of March 31, 2016 and 2015.

8. Other Obligations*Capital Equipment Lease Obligations*

From time to time, we enter into capital leases on equipment under various lease schedules, which are subject to a master lease agreement, and are pre-payable at our option. Our capital equipment lease obligations are included in *Other liabilities*. Future payments for these obligations are as follows (in thousands):

Year Ended December 31,	
2016	\$ 1,850
2017	2,313
2018	2,231
2019	1,675
2020	880
Total	8,949
Less: interest	456
Total principal payments	8,493

Less: current portion		2,226
Capital equipment lease obligations, net of current portion	\$	6,267

Accounts Receivable Securitization

As of March 31, 2016, the A/R Securitization Program would have allowed for \$21.2 million of borrowing capacity. There were no borrowings outstanding under the A/R Securitization Program as of March 31, 2016 or December 31, 2015.

Credit Facility

We have a senior secured revolving credit facility, (the Credit Agreement), which provides us with a capacity of up to \$500 million that can be used to borrow funds or issue letters of credit. The borrowing capacity under the Credit Agreement is reduced by the amount of letters of credit issued, which may be up to \$250 million.

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NOTES TO UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

The financial covenants under the Credit Agreement require us to maintain (a) a ratio of EBITDA (as defined in the Credit Agreement) for the preceding four fiscal quarters to consolidated net cash interest expense equal to or greater than 1.50 to 1 and (b) a ratio of secured funded debt less unrestricted cash and marketable securities (net secured debt) to EBITDA for the preceding four fiscal quarters equal to or less than 4.00 to 1.

Our ability to access the available funds under the Credit Agreement may be prohibited in the event that we do not comply with the covenant requirements or if we default on our obligations under the Credit Agreement. Full availability under the Credit Agreement requires a trailing twelve month EBITDA plus unrestricted cash less capital leases of at least \$125 million. As of March 31, 2016, our trailing twelve month EBITDA, as defined within the financial covenants of the Credit Agreement, was \$96.6 million, and our availability under the Credit Agreement was reduced to \$457.1 million. If our trailing twelve month EBITDA were to continue to decline and we were unable to negotiate an amendment with the bank group, our actual borrowing capacity under the Credit Agreement would be further reduced or eliminated entirely depending on the extent of the decline in trailing twelve month EBITDA.

As of March 31, 2016 and December 31, 2015, no borrowings or letters of credit were outstanding under the Credit Agreement, and we were in compliance with the covenants contained in the Credit Agreement.

Our aggregate borrowing capacity under the Credit Agreement and the A/R Securitization Program was approximately \$478.3 million as of March 31, 2016.

There were \$7.6 million and \$8.3 million of unamortized debt issuance costs as of March 31, 2016 and December 31, 2015, respectively, related to the A/R Securitization Program and the Credit Agreement included in noncurrent *Other assets*.

9. Commitments and Contingencies

Commitments

Purchase Commitments

We had outstanding purchase commitments consisting of the following (in thousands):

	March 31, 2016	December 31, 2015
Capital Commitments		
Equipment	\$ 6,242	\$ 10,226
Land	\$ 23,678	\$ 23,678
Supplies and Services		
Coal purchase commitments	\$ 2,538	\$
Transportation agreements (1)(2)	\$ 544,299	\$ 549,053

(1) Includes undiscounted port take-or-pay commitments through the remaining term of the agreement in 2024. Reflects the 2016-2018 amendment entered in the fourth quarter of 2015. Assumes we do not ship any export tons, and does not include throughput or other charges based on any actual shipments.

(2) Includes undiscounted rail take-or-pay commitments if we exercise our contractual buy-out option in 2019, which requires one year's notice plus a lump sum payment. Reflects the 2016-2018 amendment entered in the fourth quarter of 2015. Assumes we do not ship any export tons, and does not include transportation or other charges based on any actual shipments. The full term of the agreement continues through 2024. Assuming we did not exercise our buy-out option in 2019 and did not meet minimum shipment requirements, we would owe additional take-or-pay amounts through the remaining term of the agreement.

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Contingencies

Litigation

WildEarth Guardians and Northern Plains Resource Council's Regulatory Challenge to OSM's Approval Process for Mine Plans

Background On February 27, 2013, WildEarth Guardians (WildEarth) filed a complaint in the United States District Court for the District of Colorado (Colorado District Court) challenging the federal Office of Surface Mining's (OSM) approvals of mine plans for seven different coal mines located in four different states. The challenged approvals included two that were issued to subsidiaries of Cloud Peak Energy: one for the Cordero Rojo Mine in Wyoming and one for the Spring Creek Mine in Montana.

On February 7, 2014, the Colorado District Court severed the claims in WildEarth's complaint and transferred all the claims pertaining to non-Colorado mines to the federal district courts for the states in which the mines were located. Pursuant to this order, the challenge to Cordero Rojo's mine plan approval (along with challenges to two other OSM approvals) was transferred to the United States District Court in Wyoming (Wyoming District Court) and the challenge to Spring Creek's mine plan approval was transferred to the United States District Court for the District of Montana (Montana District Court). On February 14, 2014, WildEarth voluntarily dismissed the case pending in the Wyoming District Court, thereby concluding its challenge to OSM's approval of the Cordero Rojo mine plan. WildEarth has continued to pursue its challenges to mine plan approvals pending in district courts in Colorado, New Mexico, and Montana.

On March 14, 2014, WildEarth amended its complaint in the Montana District Court to reflect the transfer order from the Colorado District Court. WildEarth has asked the Montana District Court to vacate OSM's 2012 approval of the Spring Creek mine plan and enjoin mining operations at the Spring Creek Mine until OSM undertakes additional environmental analysis and related public process requested by WildEarth.

On August 14, 2014, Northern Plains Resource Council and the Western Organization of Resource Councils (collectively Northern Plains) filed a complaint in the Montana District Court challenging the same OSM approval of Spring Creek's mine plan. Northern Plains, like WildEarth, requested that the Montana District Court vacate OSM's 2012 approval of the Spring Creek mine plan and enjoin mining operations at the Spring Creek Mine until OSM undertakes the additional analysis requested by Northern Plains.

Intervention by Cloud Peak Energy and Others By orders dated May 30, 2014, May 9, 2014, and April 28, 2014, the Montana District Court granted intervention to the State of Montana, the National Mining Association, and Spring Creek Coal

LLC, a 100% owned subsidiary of Cloud Peak Energy, respectively. Each of these parties intervened on the side of OSM.

Current Schedule On October 28, 2014, the Montana District Court consolidated the WildEarth and Northern Plains cases and set a briefing schedule for resolution of all of WildEarth's and Northern Plains' claims through motions for summary judgment. Plaintiffs filed their opening briefs on December 8, 2014, and under a revised schedule, briefing by all parties was completed on May 7, 2015. The Montana District Court held an oral argument on July 31, 2015 before a Magistrate Judge in Billings, Montana. At the conclusion of the oral argument, the Magistrate Judge ordered the parties to negotiate and attempt to resolve this dispute by agreement of the parties. In October 2015, the parties jointly submitted a status report to the Court stating they were unable to reach a settlement. On October 23, 2015, the Magistrate Judge issued her findings and recommendations to the District Court Judge. In this order, the Magistrate found that OSM had failed to follow the procedural requirements of the National Environmental Policy Act by failing to provide notice to the public when the agency had completed its environmental analysis and by failing to explain how OSM concluded that its approval of the 2012 mining plan would have no significant environmental impacts. Based on these findings, the Magistrate further recommended that OSM be directed to prepare a supplemental environmental analysis within 180 days from the date the District Court issues a final judgment. Under the Magistrate's recommendation, mining at the Spring Creek mine would proceed unabated during the time OSM is undertaking its supplemental analysis. The mining plan for the Spring Creek Mine would not be vacated unless OSM failed to complete its supplemental analysis within 180 days.

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On November 6, 2015, Spring Creek Coal, the National Mining Association and the State of Montana filed objections to the Magistrate's findings and recommendations. The federal defendants filed limited objections on that same day. WildEarth and Northern Plains filed responses to these objections on November 17, 2015 and November 20, 2015, respectively. On January 21, 2016, the District Court issued an order adopting most of the Magistrate's findings and recommendations, but provided OSM 240 days (rather than 180 days) to prepare a supplemental environmental analysis. Under the District Court's order, mining at the Spring Creek mine would proceed unabated during the time OSM is undertaking its supplemental analysis and OSM was ordered to submit monthly status reports informing the Court and the parties of OSM's progress in preparing the analysis. The mining plan for the Spring Creek Mine would not be vacated unless OSM fails to complete its supplemental analysis within 240 days. The order provides that OSM may request and obtain additional time to prepare its analysis for good cause. On March 31, 2016, OSM filed its second status report indicating that it is on track to complete the supplemental environmental analysis by the Court-ordered deadline of September 17, 2016. We continue to believe WildEarth's challenge and the related Northern Plains' challenge against OSM are without merit. Nevertheless, if OSM is unable to prepare its supplemental environmental analysis within 240 days of the District Court's order (or longer, if it obtains an extension from the court), the mining plan could be vacated. The impact of any such vacatur could have a material adverse effect on our shipments, financial results and liquidity, and could result in claims from third parties if we are unable to meet our commitments under pre-existing commercial agreements as a result of any required reductions or modifications to our mining activities.

Administrative Appeals of the BLM's Approval of the Potential West Antelope II South Lease Modification

Background On September 5, 2014, WildEarth filed an appeal with the Interior Board of Land Appeals (IBLA) challenging the BLM's August 15, 2014 decision to approve Antelope Coal LLC's proposed modification of Antelope Coal's West Antelope II South (WAIISouth) lease. Antelope Coal is a 100% owned subsidiary of Cloud Peak Energy. On September 12, 2014, Powder River Basin Resource Council and Sierra Club (collectively PRBRC) filed an appeal with the IBLA challenging this same BLM decision. The BLM's decision that is the subject of both appeals approves the proposed amendment of WAIISouth lease. If the lease modification is entered into, it would add approximately 15.8 million tons of coal underlying nearly 857 surface acres. WildEarth and PRBRC have asked the IBLA to vacate the proposed WAIISouth lease modification and direct the BLM to prepare additional environmental analysis on the impacts of the lease modification.

Intervention by Cloud Peak Energy and State of Wyoming On September 24, 2014 and October 6, 2014, Antelope Coal and the State of Wyoming, respectively, moved to intervene in the WildEarth and PRBRC appeals as respondents to defend the BLM's lease modification decision. The IBLA granted these intervention motions.

Current Schedule. WildEarth filed its Statement of Reasons (opening brief) on October 6, 2014, and PRBRC filed its Statement of Reasons on October 10, 2014. The BLM filed its Answer (opposition brief) on January 12, 2015 and moved for the two appeals to be consolidated. Antelope Coal and State of Wyoming filed their respective Answers on January 20, 2015. Briefing has been completed in both appeals. The parties are awaiting a decision from the IBLA.

We believe the WildEarth and PRBRC appeals challenging the BLM's West Antelope II South lease modification decision are without merit. Nevertheless, if the plaintiff's claims are successful, the timing and ability of Cloud Peak Energy to lease and mine the coal underlying the applicable surface acres would be materially adversely impacted.

WildEarth Guardians' Regulatory Challenge to OSM's Approval Process for Antelope Mine Plan

Background On September 15, 2015, WildEarth filed a complaint in the Colorado District Court challenging the Department of Interior's and Office of Surface Mining Reclamation and Enforcement's (collectively, OSM) approvals of mine plans for four different coal mines, one of which is located in Colorado and three of which are located in Wyoming. The challenged approvals included one mine plan modification that was issued to Antelope Coal LLC, a subsidiary of Cloud Peak Energy, for the Antelope Mine in Wyoming. The plaintiff seeks to vacate existing, required regulatory approvals and to enjoin mining operations at Antelope Mine.

Intervention by Cloud Peak Energy and Others The State of Wyoming and all the operators of the mines whose mine plans are being challenged have moved to intervene as Defendants to defend the challenged mine plans. The prospective intervenors filed their motions on the following dates: State of Wyoming (November 12, 2015), Antelope Coal

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NOTES TO UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

LLC (November 13, 2015), New Mexico Coal Resources, LLC (November 16, 2015), Bowie Resources, LLC (November 24, 2015), Thunder Basin Coal, L.L.C. (December 4, 2015).

Current Schedule On November 25, 2015, the OSM filed a motion to sever WildEarth's complaint and transfer those claims against the two Wyoming mines (Antelope and Black Thunder) to the District of Wyoming and the New Mexico mine (El Segundo) to the District of New Mexico. Each of the prospective intervenors filed conditional responses in support of OSM's transfer motion. On January 7, 2016, WildEarth filed its opposition to OSM's transfer motion. On January 29, 2016, WildEarth and OSM filed a Joint Motion to Stay all proceedings for 60 days in order for the parties to pursue settlement discussions. On February 1, 2016, the prospective intervenors filed a proposed response to the stay motion in which they asked the court to grant (1) the pending intervention motions, and (2) the pending motion to sever transfer, before staying the portion of the case that remained in the District of Colorado. On February 3, 2016, WildEarth and OSM filed separate reply briefs in support of their stay motion. On February 16, 2016, the Court granted the motion to stay the case for 60 days, and on February 18, 2016, the Court granted the pending motions to intervene by Antelope, the State of Wyoming, and the other coal producers. The stay expired on April 1, 2016 after the parties were unable to reach a voluntary settlement and OSM filed its reply brief in support of its motion to sever and transfer on April 11, 2016. We believe WildEarth's challenge is without merit. Nevertheless, if WildEarth's claims against OSM's approval of the Antelope mine plan modification are successful, any court order granting the requested relief could have a material adverse impact on our shipments, financial results and liquidity, and could result in claims from third parties if we are unable to meet our commitments under pre-existing commercial agreements as a result of any required reductions or modifications to our mining activities.

Other Legal Proceedings

We are involved in other legal proceedings arising in the ordinary course of business and may become involved in additional proceedings from time to time. We believe that there are no other legal proceedings pending that are likely to have a material adverse effect on our consolidated financial condition, results of operations or cash flows. Nevertheless, we cannot predict the impact of future developments affecting our claims and lawsuits, and any resolution of a claim or lawsuit or an accrual within a particular fiscal period may materially and adversely impact our results of operations for that period. In addition to claims and lawsuits against us, our LBAs, lease by modifications, permits, and other industry regulatory processes and approvals, including those applicable to the utility and coal logistics and transportation industries, may also continue to be subject to legal challenges that could materially and adversely impact our mining operations, results and liquidity. These regulatory challenges may seek to vacate prior regulatory decisions and authorizations that are legally required for some or all of our current or planned mining activities. If we are required to reduce or modify our mining activities as a result of these challenges, the impact could have a material adverse effect on our shipments, financial results and liquidity, and could result in claims from third parties if we are unable to meet our commitments under pre-existing commercial agreements as a result of any such required reductions or modifications to our mining activities.

Tax Contingencies

Our income tax calculations are based on application of the respective U.S. federal or state tax laws. Our tax filings, however, are subject to audit by the respective tax authorities. Accordingly, we recognize tax benefits when it is more likely than not a position will be upheld by the tax authorities. To the extent the final tax liabilities are different from the amounts originally accrued, the increases or decreases are recorded as income tax expense.

Several non-income based production tax audits related to federal and state royalties and severance taxes, including periods back to 2008, are currently in progress. The financial statements reflect our best estimate of taxes and related interest and penalties due for potential adjustments that may result from the resolution of such tax audits. From time to time, we receive audit assessments and engage in settlement discussions with applicable tax authorities, which may result in adjustments to our estimates of taxes and related interest and penalties.

Table of Contents**CLOUD PEAK ENERGY INC.****NOTES TO UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS***Concentrations of Risk and Major Customers*

For the three months ended March 31, 2016 and 2015, there was no single customer that represented 10% or more of consolidated revenue. We generally do not require collateral or other security on accounts receivable because our customers are comprised primarily of investment grade electric utilities. The credit risk is controlled through credit approvals and monitoring procedures.

Guarantees and Off-Balance Sheet Risk

In the normal course of business, we are party to guarantees and financial instruments with off-balance sheet risk, such as bank letters of credit, performance or surety bonds and indemnities, which are not reflected on the unaudited condensed consolidated balance sheets. In our past experience, virtually no claims have been made against these financial instruments. Management does not expect any material losses to result from these guarantees or off-balance sheet instruments.

U.S. federal and state laws require we secure certain of our obligations to reclaim lands used for mining and to secure coal lease obligations. We currently use self-bonding to secure performance of certain obligations in Wyoming. Self-bonding allows us to use the strength of our financial positions as security rather than obtaining a traditional surety bond. Specific bond and/or letter of credit amounts may change over time, depending on the activity at the respective site and any specific requirements by federal or state laws. As of March 31, 2016, we were self-bonded for \$190 million and had \$427.0 million of surety bonds outstanding to secure certain of our obligations to reclaim lands used for mining, secure coal lease obligations, and for other operating requirements.

10. Postretirement Medical Plan

We maintain an unfunded postretirement medical plan to provide certain postretirement medical benefits to eligible employees. Net periodic postretirement benefit costs included the following components (in thousands):

	Three Months Ended			
	March 31,			
	2016		2015	
Service cost	\$	1,418	\$	1,229
Interest cost		633		482
Amortization of prior service cost		362		313
Net periodic benefit cost	\$	2,413	\$	2,024

In April 2016, we communicated a change in our Retiree Medical Plan to employees that becomes effective January 1, 2017. Changes include a decrease in the number of active employees that will be eligible for the plan as well as moving to a defined contribution plan away from a defined benefit plan. These plan changes will reduce our accumulated postretirement benefit obligation going forward. The impact of these changes will be recorded over future periods.

11. Income Taxes

As of March 31, 2016 and December 31, 2015, we had deferred tax assets principally arising from: ARO, AMT credits, pension and postretirement benefits, contract rights and net operating loss carry-forwards for income tax purposes multiplied by an expected rate of 37%. As management cannot determine that it is more likely than not that we will realize the benefit of the deferred tax assets, a valuation allowance equal to the net deferred tax asset has been established at March 31, 2016 and December 31, 2015. The difference between our effective tax rate and the statutory rate is due to the impact of percentage depletion, income tax in the states in which we do business, changes in our valuation allowance and the impact of out of period adjustments. Our effective tax rate for the three months ended March 31, 2016 was (4%).

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As of March 31, 2016 and December 31, 2015, we had no material unrecognized tax benefits. There was no change in the amount of unrecognized tax benefits as a result of tax positions taken during the year or in prior periods or due to settlements with taxing authorities or lapses of applicable statutes of limitations. We are open to federal and state tax audits until the applicable statutes of limitations expire.

12. Accumulated Other Comprehensive Income (Loss)

The changes in *Accumulated other comprehensive income (loss)* (AOCI) related to our post-retirement medical plan by component, net of tax are as follows (in thousands):

	Three Months Ended March 31,	
	2016	2015
Beginning balance, January 1	\$ (12,951)	\$ (11,299)
Other comprehensive income (loss) before reclassifications		
Amounts reclassified from accumulated other comprehensive income (loss)	(609)	197
Net current period other comprehensive income (loss)	(609)	197
Ending balance, March 31,	\$ (13,560)	\$ (11,102)

The reclassifications out of AOCI are as follows (in thousands):

	Three Months Ended	
	March 31,	
	2016	2015
Postretirement Medical Plan (1)		
Amortization of prior service costs included in Cost of product sold (2)	\$ 303	\$ 264
Amortization of prior service costs included in Selling, general and administrative expenses (2)	59	49
Total before tax	362	313
Tax benefit	(971)	(116)
Amounts reclassified from AOCI	\$ (609)	\$ 197

(1) See Note 10 for the components of our net periodic postretirement benefit costs.

(2) Presented on the unaudited condensed consolidated statements of operations and comprehensive income.

13. Earnings (Loss) per Share

Dilutive potential shares of common stock may include restricted stock and units, options, and performance units issued under our Long Term Incentive Plan (LTIP). We apply the treasury stock method to determine dilution from restricted stock and units, options, and performance units.

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The following table summarizes the calculation of diluted earnings (loss) per share (in thousands, except per share amounts):

	Three Months Ended March 31,	
	2016	2015
Numerator for calculation of diluted earnings (loss) per share:		
Net income (loss)	\$ (36,375)	\$ (4,680)
Denominator for basic income (loss) per share – weighted-average shares outstanding	61,191	60,935
Dilutive effect of stock equivalents		
Denominator for diluted earnings (loss) per share	61,191	60,935
Diluted earnings (loss) per share	\$ (0.59)	\$ (0.08)

For the periods presented, the following items were excluded from the diluted earnings (loss) per share calculation because they were anti-dilutive (in thousands):

	Three Months Ended March 31,	
	2016	2015
Anti-dilutive stock equivalents	3,077	2,146

14. Segment Information

We have two reportable segments; our Owned and Operated Mines segment and our Logistics and Related Activities segment.

Our Owned and Operated Mines segment is characterized by the predominant focus on thermal coal production where the sale occurs at the mine site and where title and risk of loss generally pass to the customer at that point. This segment includes our Antelope Mine, Cordero Rojo Mine, and Spring Creek Mine. Sales in this segment are primarily to domestic electric utilities, although a portion may be made to our Logistics and Related Activities segment. Sales between reportable segments are priced based on prevailing market prices for arms length transactions. Our mines utilize surface mining extraction processes and are all located in the PRB. The gains and losses resulting from our domestic coal futures contracts and WTI derivative financial instruments are reported within this segment.

Our Logistics and Related Activities segment is characterized by the services we provide to our international and certain of our domestic customers where we deliver coal to the customer at a terminal or the customer's plant or other delivery point, remote from our mine site. Services provided include the purchase of coal from third parties or from our Owned and Operated Mines segment, at market prices, as well as the contracting and coordination of the transportation and other handling services from third-party operators, which are typically rail and terminal companies. Title and risk of loss are retained by the Logistics and Related Activities segment through the transportation and delivery process. Title and risk of loss pass to the customer in accordance with the contract and typically occur at a vessel loading terminal, a vessel unloading terminal or an end use facility. Risk associated with rail and terminal take-or-pay agreements is also borne by the Logistics and Related Activities segment. During 2016, we do not plan to sell coal to international customers due to current weak prices. The gains and losses resulting from our international coal forward contracts and international coal put options are reported within this segment. Amortization related to port access rights prior to the fourth quarter 2015 impairment and the amended port and rail take-or-pay agreements are also included in this segment. Losses associated with our investment in the Gateway Pacific Terminal are included in our Logistics and Related Activities segment.

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Other includes *Selling, general and administrative expenses* (SG&A) as well as results relating to broker activity.

Eliminations represent the purchase and sale of coal between reportable segments and the associated elimination of intercompany profit or loss in inventory.

Segment results for the three months ended March 31, 2015 have been retrospectively revised to reflect our new measure of segment profitability first presented in our 2015 Form 10-K.

EBITDA represents net income (loss) before: (1) interest income (expense) net, (2) income tax provision, (3) depreciation and depletion, and (4) amortization. Adjusted EBITDA represents EBITDA as further adjusted for accretion, which represents non-cash increases in asset retirement obligation liabilities resulting from the passage of time, and specifically identified items that management believes do not directly reflect our core operations. For the periods presented herein, the specifically identified items are: (1) adjustments to exclude non-cash impairment charges and (2) adjustments for derivative financial instruments, excluding fair value mark-to-market gains or losses and including cash amounts received or paid. We enter into certain derivative financial instruments such as put options that require the payment of premiums at contract inception. The reduction in the premium value over time is reflected in the mark-to-market gains or losses. Our calculation of Adjusted EBITDA does not include premiums paid for derivative financial instruments; either at contract inception, as these payments pertain to future settlement periods, or in the period of contract settlement, as the payment occurred in a preceding period.

Adjusted EBITDA

The following table reconciles segment Adjusted EBITDA to net income (loss) (in thousands):

	Three Months Ended March 31,	
	2016	2015
Adjusted EBITDA		
Owned and Operated Mines	\$ 15,469	\$ 54,703
Logistics and Related Activities	(6,938)	(7,783)
Other	(9,764)	(6,844)
Eliminations	(58)	(656)
	(1,291)	39,420
Adjustments to Net income		
Depreciation and depletion	(19,102)	(24,536)
Amortization of port access rights		(928)
Accretion	(2,582)	(3,541)
Impairments	(4,154)	

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Derivative financial instruments:

Exclusion of fair value mark-to-market gains (losses) (1)	\$	(1,962)	\$	(4,785)
Inclusion of cash amounts paid (received) (2)(3)		2,309		2,029
Total derivative financial instruments			347	(2,756)
Interest expense, net			(11,014)	(12,619)
Income tax benefit (expense)			1,421	280
Net income (loss)	\$	(36,375)	\$	(4,680)

(1) Fair value mark-to-market (gains) losses reflected on the statement of operations.

(2) Cash gains and losses reflected within operating cash flows.

(3) Excludes premiums paid at option contract inception of \$ 1,984 during the three months ended March 31, 2015 for original settlement dates in subsequent periods.

Table of Contents**CLOUD PEAK ENERGY INC.****NOTES TO UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS*****Revenue***

The following table presents revenue (in thousands):

	Three Months Ended March 31,	
	2016	2015
Owned and Operated Mines	\$ 167,164	\$ 261,799
Logistics and Related Activities	14,018	69,439
Other	3,933	5,231
Eliminations	(3,866)	(18,916)
Consolidated	\$ 181,249	\$ 317,553

Capital Expenditures

The following table presents purchases of property, plant and equipment, investment in development projects, port access rights, capital expenditures included in Property, plant and equipment, net, Other assets, and Accounts payable (in thousands):

	Three Months Ended March 31,	
	2016	2015
Owned and Operated Mines	\$ 8,873	\$ 7,916
Logistics and Related Activities		
Other	1,165	1,208
Consolidated	\$ 10,038	\$ 9,124

15. Equity-Based Compensation

Our LTIP permits awards to our employees and eligible non-employee directors, which we generally grant in the first quarter of each year. The LTIP allows for the issuance of equity-based compensation in the form of restricted stock, restricted stock units, options, stock appreciation rights, dividend equivalent rights, performance awards, and share awards. The stockholders previously approved the current pool of 5.5 million shares of CPE Inc.'s common stock authorized for issuance in connection with equity-based awards under the LTIP. As of March 31, 2016, shares available for issuance under the LTIP were negligible, and our stockholders are being asked to approve an additional 1.6 million shares for issuance under the LTIP at our 2016 annual meeting.

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Generally, each form of equity-based compensation awarded to eligible employees cliff vests on the third anniversary of the grant date, subject to meeting any applicable performance criteria for the award. However, the awards will pro-rata vest sooner if an employee terminates employment with or stops providing services to us because of death, disability, redundancy or retirement (as such terms are defined in the award agreement or the LTIP, as applicable), or if an employee subject to an employment agreement is terminated by us for any reason other than for cause or leaves for good reason (as such terms are defined in the relevant employment agreement). In addition, the awards will fully vest if an employee is terminated without cause (or leaves for good reason, if the employee is subject to an employment agreement) within two years after a change in control (as such term is defined in the LTIP) occurs.

Restricted Stock Units

We have granted restricted stock units under the LTIP to eligible employees and non-employee directors. The restricted stock units granted to our directors generally vest upon their resignation or retirement (except for a removal for

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cause) or upon certain events constituting a change in control (as such term is defined in the award agreement). They will pro-rata vest if a director resigns or retires within one year of the date of grant.

A summary of restricted stock unit award activity is as follows (in thousands, except per share amounts):

	Number		Weighted-Average Grant-Date Fair Value (per share)
Non-vested units as of January 1, 2016	732	\$	11.61
Granted	1,952	\$	1.95
Vested	(88)	\$	17.50
Non-vested units as of March 31, 2016	2,596	\$	4.15

As of March 31, 2016, unrecognized compensation cost related to restricted stock awards was \$5.6 million, which will be recognized over a weighted-average period of 2.1 years prior to vesting.

Performance Share Units

Performance share units represent the right to receive a number of shares of common stock (or the equivalent cash value thereof) based on the achievement of targeted performance levels related to pre-established total stockholder return goals over a three-year period, and pay out may range from 0% to 200% of the targeted share number. In previous years, the performance-based units were settled in shares of common stock and the grant date fair value of the awards was calculated using a Monte Carlo simulation and amortized over the performance period. The 2016 grants are expected to be settled in cash and therefore, will be accounted for as a liability and marked to market on a quarterly basis. The weighted-average grant date fair values of the performance share units granted during the three months ended March 31, 2016 and the year ended December 31, 2015 were \$1.95 and \$9.66 per share, respectively. As of March 31, 2016, \$11.3 million of unrecognized compensation cost, which represents the unvested portion of the fair market value of performance share units granted, is expected to be recognized over a weighted-average vesting period of 2.6 years.

A summary of performance share unit award activity is as follows (in thousands, except per share amounts):

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	Number		Weighted- Average Grant-Date Fair Value (per share)
Non-vested units as of January 1, 2016	911	\$	14.57
Granted	2,493	\$	1.95
Canceled	(99)	\$	20.24
Vested	(74)	\$	20.24
Non-vested units as of March 31, 2016	3,231	\$	4.53

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16. Supplemental Guarantor/Non-Guarantor Financial Information

In accordance with the indentures governing the senior notes, CPE Inc. and certain of our 100% owned U.S. subsidiaries (the Guarantor Subsidiaries) have fully and unconditionally guaranteed the senior notes on a joint and several basis. These guarantees of either series of senior notes are subject to release in the following customary circumstances:

- a sale or other disposition (including by way of consolidation or merger or otherwise) of the Guarantor Subsidiaries or the sale or disposition of all or substantially all the assets of the Guarantor Subsidiaries (other than to CPE Inc. or a Restricted Subsidiary (as defined in the applicable indenture) of CPE Inc.) otherwise permitted by the applicable indenture,
- a disposition of the majority of the capital stock of a Guarantor Subsidiary to a third person otherwise permitted by the applicable indenture, after which the applicable Guarantor Subsidiary is no longer a Restricted Subsidiary,
- upon a liquidation or dissolution of a Guarantor Subsidiary so long as no default under the applicable indenture occurs as a result thereof,
- the designation in accordance with the applicable indenture of the Guarantor Subsidiaries as an Unrestricted Subsidiary or the Guarantor Subsidiaries otherwise ceases to be a Restricted Subsidiary of CPE Inc. in accordance with the applicable indenture,
- defeasance or discharge of such series of senior notes; or
- the release, other than the discharge through payment by the Guarantor Subsidiaries, of all other guarantees by such Restricted Subsidiary of Debt (as defined in the applicable indenture) of either issuer of the senior notes or (in the case of the indenture for the \$200 million senior notes due March 15, 2024) the debt of another Guarantor

Subsidiary under the Credit Agreement.

The following historical financial statement information is provided for CPE Inc. and the Guarantor/Non-Guarantor Subsidiaries:

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CLOUD PEAK ENERGY INC.

NOTES TO UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

Supplemental Condensed Consolidating Statement of Operations and Comprehensive Income

(in thousands)

	Three Months Ended March 31, 2016					
	Parent Guarantor (CPE Inc.)	Issuing Company (CPE Resources)	Guarantor Subsidiaries	Non- Guarantor Subsidiaries	Eliminations	Consolidated
Revenue	\$ 2,145	\$	\$ 181,249	\$	\$ (2,145)	181,249
Costs and expenses						
Cost of product sold (exclusive of depreciation and depletion, amortization, and accretion)		21	165,014			165,035
Depreciation and depletion		320	18,782			19,102
Accretion			2,582			2,582
(Gain) loss on derivative financial instruments			1,962			1,962
Selling, general and administrative expenses		15,920			(2,145)	13,775
Impairments		1,982	2,172			4,154
Other operating costs			284			284
Total costs and expenses		18,243	190,796		(2,145)	206,894
Operating income (loss)	2,145	(18,243)	(9,547)			(25,645)
Other income (expense)						
Interest income		37				37
Interest expense	(206)	(10,790)	31	(86)		(11,051)
Other, net		(18)	(389)	18		(389)
Total other income (expense)	(206)	(10,771)	(358)	(68)		(11,403)
Income (loss) before income tax provision and earnings from unconsolidated affiliates	1,939	(29,014)	(9,905)	(68)		(37,048)
Income tax benefit (expense)	451		970			1,421
Income (loss) from unconsolidated affiliates, net of tax		3	(751)			(748)
Income (loss) from consolidated affiliates, net of tax	(38,765)	(9,754)	(68)		48,587	
Net income (loss)	(36,375)	(38,765)	(9,754)	(68)	48,587	(36,375)
Other comprehensive income (loss)						
Postretirement medical plan amortization of prior service cost	362	362	362		(724)	362
Income tax on postretirement medical plan and pension adjustments	(971)	(971)	(971)		1,942	(971)
Other comprehensive income (loss)	(609)	(609)	(609)		1,218	(609)
Total comprehensive income (loss)	\$ (36,984)	\$ (39,374)	\$ (10,363)	\$ (68)	\$ 49,805	\$ (36,984)

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CLOUD PEAK ENERGY INC.

NOTES TO UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

Supplemental Condensed Consolidating Statement of Operations and Comprehensive Income

(in thousands)

	Three Months Ended March 31, 2015					
	Parent Guarantor (CPE Inc.)	Issuing Company (CPE Resources)	Guarantor Subsidiaries	Non- Guarantor Subsidiaries	Eliminations	Consolidated
Revenue	\$ 2,120	\$	\$ 317,553	\$	\$ (2,120)	317,553
Costs and expenses						
Cost of product sold (exclusive of depreciation and depletion, amortization, and accretion)		8	264,309			264,317
Depreciation and depletion		647	23,889			24,536
Amortization of port access rights			928			928
Accretion			3,541			3,541
(Gain) loss on derivative financial instruments			4,785			4,785
Selling, general and administrative expenses		13,369			(2,120)	11,249
Other operating costs			213			213
Total costs and expenses		14,024	297,665		(2,120)	309,569
Operating income (loss)	2,120	(14,024)	19,888			7,984
Other income (expense)						
Interest income		49				49
Interest expense		(11,102)	(1,481)	(85)		(12,668)
Other, net		(87)	(337)	87		(337)
Total other income (expense)		(11,140)	(1,818)	2		(12,956)
Income (loss) before income tax provision and earnings from unconsolidated affiliates	2,120	(25,164)	18,070	2		(4,972)
Income tax benefit (expense)		680	(399)	(1)		280
Income (loss) from unconsolidated affiliates, net of tax		(1)	13			12
Income (loss) from consolidated affiliates, net of tax	(6,800)	17,687	2		(10,889)	
Net income (loss)	(4,680)	(6,798)	17,686	1	(10,889)	(4,680)
Other comprehensive income (loss)						
Postretirement medical plan amortization of prior service cost	313	313	313		(626)	313
Income tax on postretirement medical plan and pension adjustments	(116)	(116)	(116)		232	(116)
Other comprehensive income (loss)	197	197	197		(394)	197
Total comprehensive income (loss)	\$ (4,483)	\$ (6,601)	\$ 17,883	\$ 1	\$ (11,283)	\$ (4,483)

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CLOUD PEAK ENERGY INC.

NOTES TO UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

Supplemental Condensed Consolidating Balance Sheet

(in thousands)

March 31, 2016

	Parent Guarantor (CPE Inc.)	Issuing Company (CPE Resources)	Guarantor Subsidiaries	Non- Guarantor Subsidiaries	Eliminations	Consolidated
ASSETS						
Current assets						
Cash and cash equivalents	\$	\$ 79,126	\$ 266	\$	\$	\$ 79,392
Accounts receivable			3,482	29,232		32,714
Due from related parties			544,675		(544,675)	
Inventories, net		5,631	69,660			75,291
Income tax receivable	9,137					9,137
Other prepaid and deferred charges	84	9	15,606			15,699
Other assets	246		6,296			6,542
Total current assets	9,467	84,766	639,985	29,232	(544,675)	218,775
Noncurrent assets						
Property, plant and equipment, net		3,385	1,470,805			1,474,190
Goodwill			2,280			2,280
Other assets	925,018	1,786,200	60,258		(2,708,863)	62,613
Total assets	\$ 934,485	\$ 1,874,351	\$ 2,173,328	\$ 29,232	\$ (3,253,538)	\$ 1,757,858
LIABILITIES AND MEMBER'S EQUITY						
Current liabilities						
Accounts payable	\$ 11	\$ 8,821	\$ 18,011	\$ 7	\$	\$ 26,850
Royalties and production taxes			65,883			65,883
Accrued expenses	1,067	7,969	38,957			47,993
Due to related parties	80,568	441,052		23,127	(544,676)	71
Other liabilities			2,225			2,225
Total current liabilities	81,646	457,842	125,076	23,134	(544,676)	143,022
Noncurrent liabilities						
Senior notes		491,539				491,539
Asset retirement obligations, net of current portion			154,000			154,000
Accumulated postretirement medical benefit obligation, net of current portion			62,894			62,894
Royalties and production taxes			41,481			41,481
Other liabilities	175		12,083			12,258
Total liabilities	81,821	949,381	395,534	23,134	(544,676)	905,194
Commitments and Contingencies (Note 9)						

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Total equity		852,664		924,970		1,777,794		6,098		(2,708,862)		852,664
Total liabilities and equity	\$	934,485	\$	1,874,351	\$	2,173,328	\$	29,232	\$	(3,253,538)	\$	1,757,858

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CLOUD PEAK ENERGY INC.

NOTES TO UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

Supplemental Condensed Consolidating Balance Sheet

(in thousands)

December 31, 2015

	Parent Guarantor (CPE Inc.)	Issuing Company (CPE Resources)	Guarantor Subsidiaries	Non- Guarantor Subsidiaries	Eliminations	Consolidated
ASSETS						
Current assets						
Cash and cash equivalents	\$	\$ 87,054	\$ 2,259	\$	\$	\$ 89,313
Accounts receivable			4,327	38,921		43,248
Due from related parties			595,742		(595,582)	160
Inventories, net		6,659	70,104			76,763
Income tax receivable	8,659					8,659
Other prepaid and deferred charges	291	47	25,607			25,945
Other assets			98			98
Total current assets	8,950	93,760	698,137	38,921	(595,582)	244,186
Noncurrent assets						
Property, plant and equipment, net		5,035	1,483,336			1,488,371
Goodwill			2,280			2,280
Other assets	956,296	1,844,033	64,401		(2,797,407)	67,323
Total assets	\$ 965,246	\$ 1,942,827	\$ 2,248,154	\$ 38,921	\$ (3,392,988)	\$ 1,802,160
LIABILITIES AND MEMBER S EQUITY						
Current liabilities						
Accounts payable	\$	\$ 2,228	\$ 42,145	\$ 12	\$	\$ 44,385
Royalties and production taxes			74,054			74,054
Accrued expenses	2,296	5,420	34,601			42,317
Due to related parties	75,068	487,772		32,742	(595,582)	
Other liabilities			2,133			2,133
Total current liabilities	77,364	495,420	152,933	32,754	(595,582)	162,889
Noncurrent liabilities						
Senior notes		491,160				491,160
Asset retirement obligations, net of current portion			151,755			151,755
Accumulated postretirement medical benefit obligation, net of current portion			60,845			60,845
Royalties and production taxes			34,680			34,680
Other liabilities			12,950			12,950
Total liabilities	77,364	986,580	413,162	32,754	(595,581)	914,279
Commitments and Contingencies (Note 9)						

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Total equity		887,881		956,248		1,834,991		6,167		(2,797,407)		887,881
Total liabilities and equity	\$	965,246	\$	1,942,827	\$	2,248,154	\$	38,921	\$	(3,392,988)	\$	1,802,160

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(in thousands)

Three Months Ended March 31, 2016

	Parent Guarantor (CPE Inc.)	Issuing Company (CPE Resources)	Guarantor Subsidiaries	Non- Guarantor Subsidiaries	Eliminations	Consolidated
Net cash provided by (used in) operating activities	\$	\$ (6,894)	\$ 6,236	\$	\$	\$ (658)
Investing activities						
Purchases of property, plant and equipment		(1,034)	(6,587)			(7,621)
Cash paid for capitalized interest			(352)			(352)
Investment in development projects			(750)			(750)
Other			18			18
Net cash provided by (used in) investing activities		(1,034)	(7,671)			(8,705)
Financing activities						
Other			(558)			(558)
Net cash provided by (used in) financing activities			(558)			(558)
Net increase (decrease) in cash and cash equivalents		(7,928)	(1,993)			(9,921)
Cash and cash equivalents at beginning of period		87,054	2,259			89,313
Cash and cash equivalents at the end of period	\$	\$ 79,126	\$ 266	\$	\$	\$ 79,392

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CLOUD PEAK ENERGY INC.

NOTES TO UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

Supplemental Condensed Consolidating Statement of Cash Flows

(in thousands)

Three Months Ended March 31, 2015

	Parent Guarantor (CPE Inc.)	Issuing Company (CPE Resources)	Guarantor Subsidiaries	Non- Guarantor Subsidiaries	Eliminations	Consolidated
Net cash provided by (used in) operating activities	\$	\$ 17,804	\$ 14,134	\$	\$	\$ 31,939
Investing activities						
Purchases of property, plant and equipment		(703)	(5,701)			(6,405)
Investment in development projects			(750)			(750)
Payment of restricted cash			(6,500)			(6,500)
Other			(75)			(75)
Net cash provided by (used in) investing activities		(703)	(13,026)			(13,730)
Financing activities						
Payment of deferred financing costs		(2)	(312)			(314)
Other			(408)			(408)
Net cash provided by (used in) financing activities		(2)	(720)			(722)
Net increase (decrease) in cash and cash equivalents		17,099	388			17,487
Cash and cash equivalents at beginning of period		167,532	1,213			168,745
Cash and cash equivalents at the end of period \$	\$	\$ 184,631	\$ 1,601	\$	\$	\$ 186,232

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CAUTIONARY NOTICE REGARDING FORWARD-LOOKING STATEMENTS

This report contains forward-looking statements that involve substantial risks and uncertainties. You can identify these statements by forward-looking words such as anticipate, believe, could, estimate, expect, intend, may, plan, potential, should, will, would. You should read statements that contain these words carefully because they discuss our current plans, strategies, prospects, and expectations concerning our business, operating results, financial condition, and other similar matters. While we believe that these forward-looking statements are reasonable as and when made, there may be events in the future that we are not able to predict accurately or control, and there can be no assurance that future developments affecting our business will be those that we anticipate. Additionally, all statements concerning our expectations regarding future operating results are based on current forecasts for our existing operations and do not include the potential impact of any future acquisitions. The factors listed under Risk Factors in our Annual Report on Form 10-K for the year ended December 31, 2015 (our 2015 Form 10-K) and Item 1A of Part II of this report, as well as any other cautionary language in this report, describe the known material risks, uncertainties, and events that may cause our actual results to differ materially and adversely from the expectations we describe in our forward-looking statements. Additional factors or events that may emerge from time to time, or those that we currently deem to be immaterial, could cause our actual results to differ, and it is not possible for us to predict all of them. You are cautioned not to place undue reliance on the forward-looking statements contained herein. We undertake no obligation to update or revise publicly any forward-looking statements, whether as a result of new information, future events, or otherwise, except as required by law. The following factors are among those that may cause actual results to differ materially and adversely from our forward-looking statements:

- the timing and extent of any recovery of the currently depressed coal industry, domestically and internationally, and the impact of ongoing or further depressed industry conditions on our financial performance and liquidity;
- the prices we receive for our coal and logistics services, our ability to effectively execute our forward sales strategy, and changes in utility purchasing patterns resulting in increased short-term and spot purchases of coal;
- our ability to resolve customer requests for reductions or deferrals of their committed volumes on terms that preserve the amount and timing of our forecasted economic value;
- competition with other producers of coal and with traders and re-sellers of coal, including the current oversupply of thermal coal in the marketplace, the impacts of currency exchange rate fluctuations and the strong U.S. dollar, and government environmental, energy and tax policies and regulations that make foreign coal producers more competitive for international transactions;
- the impact of coal industry bankruptcies on our competitive position relative to other companies who may emerge from bankruptcy with potentially reduced leverage and operating costs;

- competition with natural gas and other non-coal energy resources, which may continue to increase as a result of low domestic natural gas prices and due to environmental, energy and tax policies, regulations, subsidies and other government actions that encourage or mandate use of alternative energy sources;
- coal-fired power plant capacity and utilization, including the impact of climate change and other environmental regulations and initiatives, energy policies, political pressures, NGO activities, international treaties or agreements and other factors that may cause domestic and international electric utilities to continue to phase out or close existing coal-fired power plants, reduce or eliminate construction of any new coal-fired power plants, or reduce consumption of coal from the Powder River Basin (PRB);
- the failure of economic, commercially available carbon capture technology to be developed and adopted in a timely manner;
- the impact of well-funded, anti-coal initiatives by environmental activist groups and others;
- the impact of weather and economic conditions on demand for overall power generation and coal-fired generation, domestically and internationally;

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- our ability to offset declining U.S. demand for coal and achieve longer term growth in our business through our logistics revenue and export sales, including the significant impact of Chinese and Indian thermal coal import demand on overall seaborne coal prices;
- railroad, export terminal and other transportation performance, costs and availability, including the availability of sufficient and reliable rail capacity to transport PRB coal, the development of future export terminal capacity and our ability to access capacity on commercially reasonable terms;
- the impact of our substantial rail and terminal take-or-pay commitments if we do not meet our required export shipment obligations;
- timing of reductions or increases in customer coal inventories;
- weather conditions and weather-related damage that impact our mining operations, our customers, or transportation infrastructure;
- risks inherent to surface coal mining;
- our ability to successfully acquire coal and appropriate land access rights at economic prices and in a timely manner and our ability to effectively resolve issues with conflicting mineral development that may impact our mine plans;
- our ability to adjust our planned production levels to respond to market conditions and effectively manage the costs of our operations;
- the impact of asset impairment charges if required as a result of challenging industry conditions or other factors;
- our plans and objectives for future operations and the development of additional coal reserves, including risks associated with acquisitions;

- the impact of current and future environmental, health, safety and other laws, regulations, treaties or governmental policies, or changes in interpretations thereof, and third-party regulatory challenges, including those affecting our coal mining operations or our customers' coal usage, carbon and other gaseous emissions or ash handling, or the logistics, transportation, or terminal industries, as well as related costs and liabilities;
- the impact of required regulatory processes and approvals to lease coal and obtain permits for coal mining operations or to transport coal to domestic and foreign customers, including third-party legal challenges to regulatory approvals that are required for some or all of our current or planned mining activities;
- any increases in rates or changes in regulatory interpretations or assessment methodologies with respect to royalties or severance and production taxes and the potential impact of associated interest and penalties;
- inaccurately estimating the costs or timing of our reclamation and mine closure obligations;
- our ability to obtain required surety bonds and provide any associated collateral on commercially reasonable terms and our ability to continue to self-bond;
- disruptions in delivery or increases in pricing from third-party vendors of raw materials and other consumables which are necessary for our operations, such as explosives, petroleum-based fuel, tires, steel, and rubber;
- our assumptions concerning coal reserve estimates;
- our relationships with, and other conditions affecting, our customers (including our largest customers who account for a significant portion of our total revenue) and other counterparties, including economic conditions and the credit performance and credit risks associated with our customers and other counterparties, such as traders, brokers, and

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lenders under our credit agreement and financial institutions with whom we maintain accounts or enter hedging arrangements;

- the results of our hedging strategies for commodities, including our hedging programs for domestic and international coal sales and diesel fuel costs;
- the terms and restrictions of our indebtedness;
- liquidity constraints, including those resulting from the cost or unavailability of financing due to debt and equity capital and credit market conditions for the coal sector or in general, changes in our credit rating, our compliance with the covenants in our debt agreements, the increasing credit pressures on our industry due to depressed conditions, or any demands for cash collateral by our surety bond providers;
- volatility and recent decline in the price of our common stock, including the impact of any delisting of our stock from the New York Stock Exchange (NYSE) if we fail to meet the minimum average closing price listing standard;
- our liquidity, results of operations, and financial condition generally, including amounts of working capital that are available; and
- other factors, including those discussed in Item 1A of our 2015 Form 10-K and Item 1A of Part II of this report.

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Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations.

Explanatory Note

This Item 2 may contain forward-looking statements that involve substantial risks and uncertainties. When considering these forward-looking statements you should keep in mind the cautionary statements in this report and our other Securities and Exchange Commission (SEC) filings, including the Risk Factors in Item 1A of our Annual Report on Form 10-K for the year ended December 31, 2015 (2015 Form 10-K) and Item 1A of Part II of this report. Please see Cautionary Notice Regarding Forward-Looking Statements in Item 1 above.

This Item 2 is intended to help the reader understand our results of operations and financial condition. This discussion should be read in conjunction with our unaudited condensed consolidated financial statements in Item 1 of this report and our other SEC filings, including our audited consolidated financial statements in Item 8 of our 2015 Form 10-K.

Overview

We are one of the largest producers of coal in the United States of America (U.S.) and the Powder River Basin (PRB), based on our 2015 coal sales. We operate some of the safest mines in the coal industry. According to the most current Mine Safety and Health Administration (MSHA) data, we have one of the lowest employee all injury incident rates among the largest U.S. coal producing companies. We currently operate solely in the PRB, the lowest cost region of the major coal producing regions in the U.S., where we own and operate three surface coal mines: the Antelope Mine, the Cordero Rojo Mine, and the Spring Creek Mine.

Our Antelope Mine and Cordero Rojo Mine are located in Wyoming and our Spring Creek Mine is located in Montana. Our mines produce subbituminous thermal coal with low sulfur content, and we sell our coal primarily to domestic and foreign electric utilities. We do not produce any metallurgical coal. Thermal coal is primarily consumed by electric utilities and industrial consumers as fuel for electricity generation. In 2015, the coal we produced generated approximately 3% of the electricity produced in the U.S. As of December 31, 2015, we controlled approximately 1.1 billion tons of proven and probable reserves.

In addition, we have two development projects. The Youngs Creek project, an undeveloped surface mine project in the Northern PRB region, is located in Wyoming, approximately 13 miles north of Sheridan, Wyoming, seven miles south of our Spring Creek Mine and seven miles from the mainline railroad, contiguous with the Wyoming-Montana state line. We have not been able to classify the Youngs Creek project mineral rights as proven and probable reserves as they remain subject to further exploration and evaluation based on market conditions. We also have an option to lease agreement and a corresponding exploration agreement with the Crow Tribe of Indians (the Big Metal project). The Big Metal project is located on the Crow Indian Reservation in southeast Montana and is near the Youngs Creek project. We are in the process of evaluating development options for the Youngs Creek project and the Big Metal project and believe that their proximity to the Spring Creek Mine represents an opportunity to optimize our mine developments in the Northern PRB. For purposes of this report, the term Northern PRB refers to the area within the PRB that lies within Montana and the northern part of Sheridan County, Wyoming.

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In 2015, we addressed the issue of low seaborne thermal coal prices for international coal sales by mitigating our associated losses and take-or-pay exposure. We amended agreements with Westshore Terminals Limited Partnership (Westshore) and BNSF providing for reduced quarterly payments from 2016 through 2018. We will continue to meet regularly with Westshore and BNSF during the next several years to discuss market conditions, potential shipments, and the terms for such shipments. We do not expect to export any tons at current market prices.

Segment Information

Our reportable segments include Owned and Operated Mines and Logistics and Related Activities. For a discussion of these segments, please see Note 14 of Notes to Unaudited Condensed Consolidated Financial Statements in Item 1.

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Core Business Operations

Our key business drivers include the following:

- the volume of coal sold by our Owned and Operated Mines segment;
- the price for which we sell our coal;
- the costs of mining, including labor, repairs and maintenance, fuel, explosives, depreciation of capital equipment, and depletion of coal leases;
- capital expenditures to acquire property, plant and equipment;
- the volume of deliveries coordinated by our Logistics and Related Activities segment to customer contracted destinations;
- the revenue we receive for our logistics services;
- the costs for logistics services, rail and port charges for coal sales made on a delivered basis, including demurrage and any take-or-pay charges; and
- the results of our derivative financial instruments.

The volume of coal that we sell in any given year is driven by global and domestic demand for coal-generated electric power. Demand for coal-generated electric power may be affected by many factors including weather patterns, natural gas prices, railroad performance, the availability of coal-fired and alternative generating capacity and utilization, environmental and legal challenges, political and regulatory factors, energy policies, international and domestic economic conditions, currency exchange rate fluctuations, and other factors discussed in this Item 2 and in our 2015 Form 10-K.

The price at which we sell our coal is a function of the demand for coal relative to the supply. We typically enter into multi-year contracts with our customers, which helps mitigate the risks associated with any short-term imbalance in supply and demand. We typically seek to enter each year with expected production effectively fully sold. This strategy helps us run our mines at predictable production rates, which improves control of operating costs.

As is common in the PRB, coal seams at our existing mines naturally deepen, resulting in additional overburden to be removed at additional cost. We have experienced increased operating costs for longer haul distances, maintenance and supplies, and employee wages and salaries. We use derivative financial instruments to help manage our exposure to diesel fuel prices.

We incur significant capital expenditures to maintain, update and expand our mining equipment, surface land holdings and coal reserves. As the costs of acquiring federal coal leases and associated surface rights increase, our depletion costs also increase.

The volume of coal sold on a delivered basis is influenced by international and domestic market conditions. Coal sold on a delivered basis to customer contracted destinations, including sales to Asian customers, involves us arranging and paying for logistics services, which can include rail, rail car hire, and port charges, including any demurrage incurred and other costs. These logistics costs are affected by volume, various scheduling considerations, and negotiated rates for rail and port services. We have exposure to take-or-pay obligations for our rail and port committed capacities. We are also incurring costs to investigate and pursue development of additional port opportunities. During the fourth quarter of 2015, we amended our port and rail take-or-pay contracts in light of depressed international conditions and currently do not plan to make any international sales during 2016.

We entered into coal forward and futures contracts that are scheduled to settle at various dates through 2016 to hedge a portion of our export and domestic coal sales prices. We have also entered into WTI derivative financial instruments to hedge our diesel fuel costs.

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Current Considerations

Owned and Operated Mines Segment

Shipments for the three months ended March 31, 2016 declined as mild winter weather, low natural gas pricing and higher utility coal inventories slowed shipments. Shipments in the second quarter of 2016 are expected to continue at a slow rate in what is normally the lowest sales quarter of the year as energy demand is reduced between the winter heating and summer cooling seasons. Assuming normal summer cooling demand, coal shipments are expected to pick up significantly in the second half of the year as stockpiles are reduced and utility customers take their contracted coal. Low oil and natural gas prices have led to a significant slowdown in drilling in many U.S. oil and natural gas fields, which is bringing down oil production and appears to be starting to reduce natural gas production. The rapid decline rate of many of the wells drilled in recent years is projected to lead to a decline in production unless significant additional drilling occurs in the near term. When this occurs natural gas prices should rise to a level that allows greater dispatch of PRB burning coal plants and in turn increased coal shipments.

Logistics and Related Activities Segment

Demand and pricing for seaborne coal continues to remain weak due to the impact of China's reduced imports and a strong U.S. dollar. Import demand from China and India appears to have stabilized, which could help lead to a balancing of supply and demand as Indonesian exports are reduced. Demand from Vietnam, South Korea, Japan, and Taiwan continues to increase strongly as these countries build new coal power plants to meet their future energy needs.

While the strong U.S. dollar has improved the economics for coal producers in Australia and Indonesia, we do not believe investments will be made in any new production capacity at current price levels. Given the large number of Asian utility plants currently being built to take imported coal, we believe current oversupply will be overcome by growing demand over time. We continue to receive new inquiries from Asian customers looking for long term supply from our Spring Creek Mine. Once prices return to profitable levels, we expect shipments to resume to many of these customers.

No additional exports through the Westshore Terminal are projected until international prices rise sufficiently to make them economic.

Potential for Asset Impairments

The carrying value of our mineral properties, equipment, and other long-lived assets are sensitive to declines in domestic and international coal prices. These assets are at risk of impairment if prices remain at current levels for an extended period of time or do not recover as anticipated, if regulatory changes adversely impact coal-fired electricity generation. For instance, we recorded an impairment of \$2.2 million of engineering costs related to the Overland Conveyor project at our Antelope Mine and an impairment of \$2.0 million for a shovel that we no longer expect to use because of declining production. The cash flow model that we use to assess impairment includes numerous assumptions, such as our current estimates of forecast coal production, market outlook on forward

commodity prices, operating and development costs, and discount rates. All inputs to the cash flow model must be evaluated at each date of estimate. Forward commodity prices in mid-April 2016 have declined subsequent to the test for impairment as of March 31, 2016. If forward prices remain at these levels, we have long-lived assets primarily associated with our Cordero Rojo Mine, at risk for impairment. The actual amount of impairment incurred, if any, for our properties will depend on a variety of factors including, but not limited to, subsequent forward price curve changes, the additional risk-adjusted value of proven and probable reserves, weighted-average cost of capital, operating cost estimates and future capital expenditure estimates. Additionally, a further decrease in forward coal prices could result in additional long-lived assets being at risk for impairment.

Environmental and Other Regulatory Matters

Federal, state and local authorities regulate the U.S. coal mining industry with respect to various matters, including air quality standards, water pollution, plant and wildlife protection, the discharge of materials into the environment and the effects of mining on surface and groundwater quality and availability. These laws and regulations have had, and will continue to have, a significant adverse effect on our production costs and our competitive position relative to certain other sources of electricity generation. Future laws, regulations or orders, including those relating to global climate change, may cause coal to become a less attractive fuel source, thereby further reducing coal's share of the market for fuels and other

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energy sources used to generate electricity. See Climate Change Regulatory Environment below and Part I Item I. Business Environmental and Other Regulatory Matters in our 2015 Form 10-K.

In August 2015, the EPA issued its final CPP rules that establish carbon pollution standards for power plants, called CO₂ emission performance rates. The EPA expects each state to develop implementation plans for power plants in its state to meet the individual state targets established in the CPP. The EPA has given states the option to develop compliance plans for annual rate-based reductions (pounds per megawatt hour) or mass-based tonnage limits for CO₂. The EPA also proposed a federal compliance plan to implement the CPP in the event that an approvable state plan is not submitted to the EPA. Judicial challenges have been filed. On February 9, 2016, the U.S. Supreme Court granted a stay of the implementation of the CPP before the United States Court of Appeals for the District of Columbia (Circuit Court) even issued a decision. By its terms, this stay will remain in effect throughout the pendency of the appeals process including at the Circuit Court and the Supreme Court through any certiorari petition that may be granted. The stay suspends the rule, including the requirement that states submit their initial plans by September 2016. The Supreme Court's stay applies only to EPA's regulations for CO₂ emissions from existing power plants and will not affect EPA's standards for new power plants. It is not yet clear how either the Circuit Court or the Supreme Court will rule on the legality of the CPP. If the rules were upheld at the conclusion of this appellate process and were implemented in their current form, demand for coal will likely be further decreased, potentially significantly, and adversely impact our business.

On January 15, 2016, the Secretary of the DOI announced a moratorium on the issuance of new leases for coal resources on federally-owned lands in order to allow for a comprehensive review of the federal coal programs. The terms of this moratorium preclude the BLM from accepting new applications for thermal coal sales or modifying existing leases subject to certain exceptions.

Federal and state laws require us to obtain surety bonds or post letters of credit to secure performance or payment of certain long-term obligations, such as mine closure or reclamation costs. We currently use self-bonding to secure performance of certain obligations in Wyoming. Self-bonding allows us to use the strength of our financial position as security rather than obtaining a traditional surety bond. As of March 31, 2016, we have self-bonded \$190 million in the State of Wyoming. The Land Quality Division of the Wyoming Department of Environmental Quality (the Wyoming DEQ) periodically re-evaluates the amount of the security required, our performance, and our eligibility for self-bonding. There can be no assurance that the Wyoming DEQ will continue to qualify us for self-bonding. To the extent we are unable to maintain our current level of self-bonding due to changes in legislation, regulations, or their interpretation by state agencies, or in our financial condition, we may be required to obtain surety bonds at commercial terms, which could cause our costs to increase and could have a material adverse effect on our liquidity and financial condition.

We are proactively working to address the ongoing regulatory uncertainties regarding self-bonding programs in Wyoming by seeking to voluntarily transition away from self-bonding. We are in discussions with surety bond providers to potentially increase our bonding capacity by offering approximately 15% collateral in the form of letters of credit under the Credit Agreement. In addition, we have submitted applications to the Wyoming DEQ to reduce our bonding amount by incorporating recently completed reclamation, updated reclamation plans, and lower fuel price assumptions. Assuming these are accepted, they would reduce the required bonding amount potentially eliminating the need for self-bonding. Although we currently expect to be able to achieve our goal of transitioning away from self-bonding, it is dependent on our ability to increase surety bond capacity and the Wyoming DEQ's approval of our new reclamation plans and is, therefore, uncertain.

Adjusted EBITDA and Adjusted EPS

EBITDA, Adjusted EBITDA and Adjusted EPS are intended to provide additional information only and do not have any standard meaning prescribed by accounting principles generally accepted in the United States (U.S. GAAP). A quantitative reconciliation of historical net income

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(loss) to Adjusted EBITDA and EPS (as defined below) to Adjusted EPS is found in the tables below.

EBITDA represents net income (loss) before: (1) interest income (expense) net, (2) income tax provision, (3) depreciation and depletion, and (4) amortization. Adjusted EBITDA represents EBITDA as further adjusted for accretion, which represents non-cash increases in asset retirement obligation liabilities resulting from the passage of time, and specifically identified items that management believes do not directly reflect our core operations. For the periods presented herein, the specifically identified items are: (1) adjustments to exclude non-cash impairment charges and (2) adjustments for derivative financial instruments, excluding fair value mark-to-market gains or losses and including cash amounts received or

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paid. We enter into certain derivative financial instruments such as put options that require the payment of premiums at contract inception. The reduction in the premium value over time is reflected in the mark-to-market gains or losses. Our calculation of Adjusted EBITDA does not include premiums paid for derivative financial instruments; either at contract inception, as these payments pertain to future settlement periods, or in the period of contract settlement, as the payment occurred in a preceding period.

Adjusted EPS represents diluted earnings (loss) per common share (EPS) adjusted to exclude the estimated per share impact of the same specifically identified non-core items used to calculate Adjusted EBITDA as described above. All items are adjusted at the statutory tax rate of approximately 37%.

Because not all companies use identical calculations, our presentations of Adjusted EBITDA and Adjusted EPS may not be comparable to other similarly titled measures of other companies. Moreover, our presentation of Adjusted EBITDA is different than EBITDA as defined in our debt financing agreements. We recognize that using Adjusted EBITDA and Adjusted EPS as performance measures has inherent limitations as compared to net income (loss), EPS, or other U.S. GAAP financial measures, as these non-GAAP measures exclude certain items, including items that are recurring in nature, which may be meaningful to investors. As a result of the exclusions, Adjusted EBITDA and Adjusted EPS should not be considered in isolation and do not purport to be alternatives to net income (loss), EPS, or other U.S. GAAP financial measures as a measure of our operating performance. See Part II Item 6 Selected Financial Data of our 2015 Form 10-K for additional information regarding Adjusted EBITDA and Adjusted EPS and their limitations compared to U.S. GAAP financial measures.

A quantitative reconciliation for each of the periods presented of net income (loss) to Adjusted EBITDA and EPS to Adjusted EPS is found within this Item 2.

Three Months Ended March 31, 2016 Compared to Three Months Ended March 31, 2015*Summary*

The following table summarizes key results (in millions, except per share amounts and percentages):

	Three Months Ended		2015	Amount	Change	
	2016	March 31,			Percent	
Total tons sold	13.0	19.8		(6.8)	(34.3)	
Total revenue	\$ 181.2	\$ 317.6		\$(136.4)	(42.9)	
Net income (loss)	\$ (36.4)	\$ (4.7)		\$(31.7)	*	
Adjusted EBITDA (1)	\$ (1.3)	\$ 39.4		\$(40.7)	(103.3)	
Adjusted EPS (1)	\$ (0.53)	\$ (0.05)		\$(0.48)	*	

* Not meaningful.

(1) Non-GAAP measure; please see definition above and reconciliation below.

Table of Contents*Adjusted EBITDA and Adjusted EPS*

The following tables present a reconciliation of net income (loss) to Adjusted EBITDA, diluted earnings (loss) per common share to Adjusted EPS, and segment Adjusted EBITDA to net income (loss) (in millions, except per share amounts):

Adjusted EBITDA

	Three Months Ended March 31,	
	2016	2015
Net income (loss)	\$ (36.4)	\$ (4.7)
Interest expense	11.0	12.7
Income tax (benefit) expense	(1.4)	(0.3)
Depreciation and depletion	19.1	24.5
Amortization of port access rights		0.9
EBITDA	(7.7)	33.1
Accretion	2.6	3.5
Derivative financial instruments:		
Exclusion of fair value mark-to-market losses (gains)(1)	\$ 2.0	\$ 4.8
Inclusion of cash amounts received (paid)(2)(3)	(2.3)	(2.0)
Total derivative financial instruments	(0.3)	2.8
Impairments	4.1	
Adjusted EBITDA	\$ (1.3)	\$ 39.4

(1) Derivative fair value mark-to-market (gains) losses reflected on the statement of operations.

(2) Cash amounts received and paid reflected within operating cash flows.

(3) Excludes \$2.0 of premiums paid in prior periods for contracts settled during the three months ended March 31, 2015.

Table of Contents**Adjusted EBITDA by Segment**

	Three Months Ended March 31,	
	2016	2015
Owned and Operated Mines		
Adjusted EBITDA	\$ 15.5	\$ 54.7
Depreciation and depletion	(18.8)	(23.9)
Accretion	(2.4)	(3.4)
Derivative financial instruments:		
Exclusion of fair value mark-to-market gains (losses)	\$ (2.0)	\$ (6.8)
Inclusion of cash amounts (received) paid (1)	4.1	5.6
Total derivative financial instruments	2.1	(1.2)
Impairments	(2.2)	
Other	0.4	0.4
Operating income (loss)	(5.4)	26.6
Logistics and Related Activities		
Adjusted EBITDA	(6.9)	(7.8)
Amortization of port access rights		(0.9)
Derivative financial instruments:		
Exclusion of fair value mark-to-market gains (losses)		2.0
Inclusion of cash amounts (received) paid	(1.8)	(3.6)
Total derivative financial instruments	(1.8)	(1.6)
Other	0.9	
Operating income (loss)	(7.8)	(10.3)
Other		
Adjusted EBITDA	(9.8)	(6.8)
Depreciation and depletion	(0.3)	(0.6)
Accretion	(0.2)	(0.1)
Impairment	(2.0)	
Other		(0.1)
Operating income (loss)	(12.3)	(7.6)
Eliminations		
Adjusted EBITDA	(0.1)	(0.7)
Operating loss	(0.1)	(0.7)
Consolidated operating income (loss)	(25.6)	8.0
Interest expense	(11.1)	(12.7)
Other, net	(0.4)	(0.3)
Income tax (expense) benefit	1.4	0.3
Income (loss) from unconsolidated affiliates, net of tax	(0.7)	
Net income (loss)	\$ (36.4)	\$ (4.7)

(1) Excludes \$2.0 of premiums paid in prior periods for contracts settled during the three months ended March 31, 2015.

Table of Contents**Adjusted EPS**

	Three Months Ended March 31,			
	2016		2015	
Diluted earnings (loss) per common share	\$	(0.59)	\$	(0.08)
Derivative financial instruments:				
Exclusion of fair value mark-to-market losses (gains)	\$	0.02	\$	0.05
Inclusion of cash amounts received (paid) (1)		(0.02)		(0.02)
Total derivative financial instruments				0.03
Refinancing transaction:				
Impairments		0.06		
Adjusted EPS	\$	(0.53)	\$	(0.05)
Weighted-average dilutive shares outstanding (in millions)		61.2		60.9

(1) Excludes per share impact of \$0.02 for premiums paid in prior periods for contracts settled during the three months ended March 31, 2015.

*Results of Operations**Revenue*

The following table presents revenue and tons sold (in millions except per ton amounts and percentages):

	Three Months Ended March 31,				Change	
	2016	2015	Amount		Percent	
Owned and Operated Mines						
Realized price per ton sold	\$	12.65	\$	13.05	\$	(0.40) (3.1)
Tons sold		13.0		19.7		(6.7) (34.0)
Coal revenue	\$	163.9	\$	257.2	\$	(93.3) (36.3)
Other revenue	\$	3.3	\$	4.6	\$	(1.3) (28.3)
Logistics and Related Activities						
Total tons delivered		0.3		1.7		(1.4) (82.4)
Asian export tons		0.2		1.4		(1.2) (85.7)
Revenue	\$	14.0	\$	69.4	\$	(55.4) (79.8)
Other						
Revenue	\$	3.9	\$	5.2	\$	(1.3) (25.0)
Eliminations of Intersegment Sales						
Revenue	\$	(3.9)	\$	(18.8)	\$	14.9 79.3

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Total Consolidated

Revenue	\$	181.2	\$	317.6	\$	(136.4)	(42.9)
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Table of Contents*Owned and Operated Mines Segment*

The following table shows volume and price related changes to coal revenue for the three months ended March 31, 2016 compared to the three months ended March 31, 2015 (in millions):

Three months ended March 31, 2015	\$	257.2
Changes associated with volumes		(88.0)
Changes associated with prices		(5.3)
Three months ended March 31, 2016	\$	163.9

Revenue decreased for the three months ended March 31, 2016 compared to the same period in 2015 primarily due to decreases in tons sold. Volumes decreased as a result of the mild winter weather, low natural gas prices, and higher customer stockpiles. Prices for the three months ended March 31, 2016 were down compared to the same period in 2015 as the domestic coal market continues to be depressed.

Logistics and Related Activities Segment

Revenue decreased for the three months ended March 31, 2016 compared to the same period in 2015 due to significantly lower international shipments as a result of continued weak international prices for seaborne thermal coal. While we had three vessels carry over from 2015 into the first quarter of 2016, as previously announced, no international sales are currently scheduled for 2016.

Other

Revenue for other includes contract buyouts of \$3.9 million for the three months ended March 31, 2016 compared to \$4.3 million in the same period in 2015. In addition, there was no broker revenue during the three months ended March 31, 2016 compared to \$0.8 million the same period in 2015.

Cost of Product Sold

The following table presents cost of product sold (in millions, except per ton amounts and percentages):

	Three Months Ended March 31,			Change	
2016	2015	2015	Amount	Percent	

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Owned and Operated Mines					
Average cost per ton sold	\$	11.15	\$	10.02	\$ 1.13 11.3
Cost of product sold (produced coal)	\$	144.5	\$	197.4	\$ (52.9) (26.8)
Other cost of product sold		2.4		3.6	(1.2) (33.3)
Logistics and Related Activities					
Cost of product sold		21.9		80.8	(58.9) (72.9)
Other					
Cost of product sold				0.8	(0.8) (100.0)
Eliminations of Intersegment Sales					
Cost of product sold		(3.8)		(18.3)	14.5 79.2
Total Consolidated					
Cost of product sold	\$	165.0	\$	264.3	\$ (99.3) (37.6)

Table of Contents*Owned and Operated Mines Segment*

Cost of product sold decreased primarily as a result of fewer tons of coal sold in the three months ended March 31, 2016 as compared to the same period in 2015, which resulted in lower direct operating costs. We saw significant decreases in production taxes and royalties, diesel costs, and repairs and maintenance. Repairs and maintenance decreased as a result of lower equipment hours, condition monitoring, and in-house repairs completed at our rebuild center. The average cost per ton sold increased primarily as a result of the decrease in tons sold in the three months ended March 31, 2016 as compared to the same period in 2015.

Logistics and Related Activities Segment

Cost of product sold decreased in the three months ended March 31, 2016 as compared to the same period in 2015 due to a reduction in the volume of Asia tons delivered. Three vessels from 2015 were not loaded until 2016. Aside from these shipments, we do not expect any further international shipments in 2016.

Operating Income (Loss)

The following table presents operating income (loss) (in millions, except for percentages):

	Three Months Ended		Amount	Change	Percent
	2016	March 31, 2015			
Owned and Operated Mines					
Operating income (loss)	\$ (5.4)	\$ 26.6	\$ (32.0)		(120.3)
Logistics and Related Activities					
Operating income (loss)	(7.8)	(10.3)	2.5		24.3
Other					
Operating income (loss)	(12.3)	(7.6)	(4.7)		(61.8)
Eliminations of Intersegment Sales					
Operating income (loss)	(0.1)	(0.7)	0.6		85.7
Total Consolidated					
Operating income (loss)	\$ (25.6)	\$ 8.0	\$ (33.6)		*

* Not meaningful.

Owned and Operated Mines Segment

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In addition to the revenue and cost of product sold factors previously discussed, operating income decreased due to an impairment of \$2.2 million of engineering costs related to the Overland Conveyor project at our Antelope Mine, partially offset by decreased depreciation of \$5.1 million and fewer derivative losses of \$4.8 million in the three months ended March 31, 2016 as compared to the same period in 2015.

Logistics and Related Activities Segment

In addition to the revenue and cost of product sold factors previously discussed, the operating loss increased due to fewer derivative gains during the three months ended March 31, 2016 as compared to the same period in 2015. These losses were partially offset by decreased amortization of port access rights as they were written off in the fourth quarter of 2015.

Other

In addition to the revenue factors previously discussed, the operating loss related to Other increased due to an increase in SG&A costs of \$2.5 million due to higher medical claims and an impairment of \$2.0 million for a shovel that we no longer expect to use because of declining production.

Table of Contents*Other Income (Expense)*

The following table presents other income (expense) (in millions, except for percentages):

	Three Months Ended March 31,		Amount	Change	
	2016	2015		Amount	Percent
Other income (expense)	\$ (11.4)	\$ (13.0)	\$ 1.6	12.3	

Other expense for the three months ended March 31, 2016 as compared to the same period in 2015 decreased primarily as a result of lower interest expense due to lower imputed interest on our federal coal lease obligations as well as lower outstanding balances.

Income Tax Provision

As of March 31, 2016 and December 31, 2015, we had deferred tax assets principally arising from: ARO, AMT credits, pension and postretirement benefits, contract rights and net operating loss carry-forwards for income tax purposes multiplied by an expected rate of 37%. As management cannot determine that it is more likely than not that we will realize the benefit of the deferred tax assets, a valuation allowance equal to the net deferred tax asset has been established at March 31, 2016 and December 31, 2015. The difference between our effective tax rate and the statutory rate is due to the impact of percentage depletion, income tax in the states in which we do business, changes in our valuation allowance and the impact of out of period adjustments. Our effective tax rate for the three months ended March 31, 2016 was (4%).

Liquidity and Capital Resources

	March 31, 2016	December 31, 2015
	(in millions)	
Cash and cash equivalents	\$ 79.4	\$ 89.3

In addition to our cash and cash equivalents, our primary sources of liquidity are cash from our operations and borrowing capacity under our Credit Agreement (as defined below) and Accounts Receivable Securitization Facility (A/R Securitization Program). We also have a capital leasing program for some of our capital equipment purchases. These programs provide flexibility and liquidity to our capital structure.

Cash balances depend on a number of factors, such as the volume of coal sold by our Owned and Operated Mines segment; the price for which we sell our coal; the costs of mining, including labor, repairs and maintenance, fuel and explosives; capital expenditures to acquire property,

plant and equipment; the volume of deliveries coordinated by our Logistics and Related Activities segment to customer contracted destinations; the revenue we receive for our logistics services; demurrage and any take-or-pay charges; the results of our derivative financial instruments; coal-fired electricity demand, regulatory changes and energy policies impacting our business; and other risks and uncertainties, including those risk factors discussed in Item 1A in our 2015 Form 10-K and in Item 1A of Part II of this report. Ongoing depressed industry conditions and recent coal producer bankruptcy filings have resulted in increased credit pressures on the coal industry. Any credit demands by third parties or refusals by banks, surety bond providers, investors or others to extend, renew or refinance credit on commercially reasonable terms may adversely impact our business, financial condition, results of operations, cash flows and liquidity.

Capital expenditures are necessary to keep our equipment fleets updated to maintain our mining productivity and competitive position and to add new equipment as necessary. Cash payments for capital expenditures (excluding capitalized interest) for the three months ended March 31, 2016 and 2015 were \$7.6 million and \$6.4 million, respectively. Capital expenditures for the three months ended March 31, 2016 include \$2.0 million for the dragline move from the Cordero Rojo Mine to the Antelope Mine, which is progressing as planned. Our anticipated capital expenditures are expected to be between \$25 million and \$35 million in 2016.

Table of Contents*Overview of Cash Transactions*

We started 2016 with \$89.3 million of unrestricted cash and cash equivalents. After capital expenditures and cash used in our operating activities, we concluded the three months ended March 31, 2016 with cash and cash equivalents of \$79.4 million. The following table represents cash flows (in millions, except percentages):

	Three Months Ended March 31,		Amount	Change	
	2016	2015			Percent
Beginning balance - cash and cash equivalents	\$ 89.3	\$ 168.7			
Net cash provided by (used in) operating activities	(0.6)	31.9	\$ (32.5)		(101.9)
Net cash provided by (used in) investing activities	(8.7)	(13.7)	\$ 5.0		36.5
Net cash provided by (used in) financing activities	(0.6)	(0.7)	\$ 0.1		14.3
Ending balance - cash and cash equivalents	\$ 79.4	\$ 186.2			

Net cash provided by operating activities decreased for the three months ended March 31, 2016 as compared to the same period in 2015 primarily due to lower earnings adjusted for non-cash items of \$27.9 million, as well as decreases in working capital of \$4.4 million.

The decrease in cash used in investing activities for the three months ended March 31, 2016 as compared to the same period in 2015 was primarily related to a \$6.5 million payment of restricted cash in 2015, which was used to fund an escrow account associated with our Westshore capacity. In addition, purchases of property, plant and equipment increased by \$1.2 million in the three months ended March 31, 2016 as compared to the same period in 2015.

The decrease in cash used in financing activities for the three months ended March 31, 2016 as compared to the same period in 2015 was due to deferred financing costs incurred in 2015, primarily related to the A/R Securitization Program.

Senior Notes

We refer to the \$300 million senior notes due December 15, 2019 (the 2019 Notes) and the \$200 million senior notes due March 15, 2024 (the 2024 Notes) collectively as the Senior Notes. The 2019 Notes and 2024 Notes bear interest at fixed annual rates of 8.50% and 6.375%, respectively. There are no mandatory redemption or sinking fund payments for the Senior Notes. Interest payments are due semi-annually on June 15 and December 15 for the 2019 Notes and semi-annually on March 15 and September 15 for the 2024 Notes. Subject to certain limitations, we may redeem the 2019 Notes by paying specified redemption prices in excess of their principal amount prior to December 15, 2017, or by paying their principal amount thereafter. We may redeem some or all of the 2024 Notes by paying specified redemption prices in excess of their principal amount, plus accrued and unpaid interest, if any, prior to March 15, 2022, or by paying their principal amount thereafter, plus accrued and unpaid interest, if any.

The Senior Notes are jointly and severally guaranteed by Cloud Peak Energy Inc. and all of our existing and future restricted subsidiaries that guarantee our debt under our Credit Agreement. See Senior Secured Revolving Credit Facility below. Substantially all of our consolidated subsidiaries, excluding Cloud Peak Energy Receivables LLC, are considered to be restricted subsidiaries and guarantee the Senior Notes.

The indentures governing the Senior Notes, among other things, limit our ability and the ability of our restricted subsidiaries to incur additional indebtedness and issue preferred equity; pay dividends or distributions; repurchase equity or repay subordinated indebtedness; make investments or certain other restricted payments; create liens; sell assets; enter into agreements that restrict dividends, distributions, or other payments from restricted subsidiaries; enter into transactions with affiliates; and consolidate, merge, or transfer all or substantially all of their assets and the assets of their restricted subsidiaries on a combined basis.

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Upon the occurrence of certain transactions constituting a change in control as defined in the indentures, holders of our notes could require us to repurchase all outstanding notes at 101% of the principal amount thereof, plus accrued and unpaid interest, if any, to the date of repurchase.

A/R Securitization Program

Certain of our subsidiaries are parties to the A/R Securitization Program. In January 2013, we formed Cloud Peak Energy Receivables LLC, a special purpose, bankruptcy-remote wholly-owned subsidiary to purchase, subject to certain exclusions, in a true sale, trade receivables generated by certain of our subsidiaries without recourse (other than customary indemnification obligations for breaches of specific representations and warranties), and then transfer undivided interests in up to \$75.0 million of those accounts receivable to a financial institution for cash borrowings for our ultimate benefit. The total borrowings are limited by eligible accounts receivable, as defined under the terms of the A/R Securitization Program. The A/R Securitization Program will terminate on January 23, 2018. As of March 31, 2016, the A/R Securitization Program would have allowed for \$21.2 million of borrowing capacity. There were no borrowings outstanding under the A/R Securitization Program as of March 31, 2016.

Senior Secured Revolving Credit Facility

On February 21, 2014, Cloud Peak Energy Resources LLC entered into a five-year Credit Agreement with PNC Bank, National Association, as administrative agent, and a syndicate of lenders, which was amended on September 5, 2014 (as amended, the Credit Agreement). The Credit Agreement provides us with a senior secured revolving credit facility with a capacity of up to \$500 million that can be used to borrow funds or issue letters of credit. The borrowing capacity under the Credit Agreement is reduced by the amount of letters of credit issued, which may be up to \$250 million. Subject to the satisfaction of certain conditions, we may elect to increase the size of the Credit Agreement and/or request the addition of one or more new tranches of term loans in an amount up to the greater of (i) \$200 million or (ii) our EBITDA (which is defined in the Credit Agreement) for the preceding four fiscal quarters. The Credit Agreement provides for the designation of a foreign restricted subsidiary as a borrower, subject to certain conditions and approvals.

The financial covenants under the Credit Agreement require us to maintain (a) a ratio of EBITDA (as defined in the Credit Agreement) for the preceding four fiscal quarters to consolidated net cash interest expense equal to or greater than 1.50 to 1 and (b) a ratio of secured funded debt less unrestricted cash and marketable securities (net secured debt) to EBITDA for the preceding four fiscal quarters equal to or less than 4.00 to 1. The Credit Agreement and capital leases are considered secured funded debt under the covenant calculations whereas federal coal lease obligations, accounts receivable securitizations, and senior notes are not considered secured funded debt. The Credit Agreement also contains other non-financial covenants, including covenants related to our ability to incur additional debt or take other corporate actions. The Credit Agreement also contains customary events of default with customary grace periods and thresholds.

Our ability to access the available funds under the Credit Agreement may be prohibited in the event that we do not comply with the covenant requirements or if we default on our obligations under the Credit Agreement. Full availability under the Credit Agreement requires a trailing twelve month EBITDA plus unrestricted cash less capital leases of at least \$125 million. As of March 31, 2016, our trailing twelve month EBITDA, as defined within the financial covenants of the Credit Agreement, was \$96.6 million, and our availability under the Credit Agreement was reduced to \$457.1 million. If our trailing twelve month EBITDA were to continue to decline and we were unable to negotiate an

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amendment with the bank group, our actual borrowing capacity under the Credit Agreement would be reduced or eliminated entirely depending on the extent of the decline in trailing twelve month EBITDA.

Loans under the Credit Agreement bear interest at the London Interbank Offered Rate (LIBOR) plus an applicable margin of 2.00% to 2.75%, depending on our net total leverage to EBITDA ratio. We pay the lenders a commitment fee between 0.375% and 0.50% per year, depending on our net total leverage to EBITDA ratio, on the unused amount of the Credit Agreement. Letters of credit issued under the Credit Agreement, unless drawn upon, will incur a per annum fee from the date at which they are issued between 2.00% and 2.75% depending on our net total leverage to EBITDA ratio. Letters of credit that are drawn upon are converted to loans. In addition, in connection with the issuance of a letter of credit, we are required to pay the issuing bank a fronting fee of 0.125% per annum.

Our obligations under the Credit Agreement are secured by substantially all of our assets and substantially all of the assets of certain of our subsidiaries, subject to certain permitted liens and customary exceptions for similar coal financings.

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Our obligations under the Credit Agreement are also supported by a guarantee by CPE Inc. and our domestic restricted subsidiaries.

Under the Credit Agreement, the subsidiaries of CPE Inc. are permitted to make distributions to CPE Inc. to enable it to pay federal, state and local income and certain other taxes it incurs that are attributable to the business and operations of its subsidiaries. In addition, as long as no default under the Credit Agreement exists, the subsidiaries of CPE Inc. also may make annual distributions to CPE Inc. to fund dividends or repurchases of CPE Inc.'s stock and additional distributions in accordance with certain distribution limits in the Credit Agreement. Finally, the subsidiaries of CPE Inc. may make loans to CPE Inc. subject to certain limitations in the Credit Agreement.

As of March 31, 2016 and December 31, 2015, no borrowings or letters of credit were outstanding under the Credit Agreement and we were in compliance with the covenants contained in the Credit Agreement. Our aggregate borrowing capacity under the Credit Agreement and the A/R Securitization Program was approximately \$478.3 million as of March 31, 2016.

We believe our sources of liquidity will be sufficient to fund our primary ordinary course uses of cash for the next twelve months, which include our costs of coal production and logistics services, capital expenditures, and interest on our debt.

If we do not have sufficient resources from ongoing operations to satisfy our obligations or the timing of payments on our obligations does not coincide with cash inflows from operations, we may need to use our cash on hand or borrow under our line of credit. If the obligation is in excess of these amounts, we may need to seek additional borrowing sources or take other actions. Depending upon existing circumstances at the time, we may not be able to obtain additional funding on acceptable terms or at all. In addition, our existing debt instruments contain restrictive covenants, which may prohibit us from borrowing under our revolving Credit Agreement or pursuing certain alternatives to obtain additional funding.

We regularly monitor the capital and bank credit markets for opportunities that we believe will improve our balance sheet, and may engage, from time to time, in financing or refinancing transactions as market conditions permit. Future activities may include, but are not limited to, public or private debt or equity offerings, the purchase of our outstanding debt for cash in open market purchases or privately negotiated refinancing, extension and exchange transactions or public or private exchange offers or tender offers. Any financing or refinancing transaction may occur on a stand-alone basis or in connection with, or immediately following, other transactions. Our ability to access the debt or equity capital markets on economic terms in the future will be affected by general economic conditions, the domestic and global financial markets, our operational and financial performance, the value and performance of our debt or equity securities, prevailing commodity prices, and other macroeconomic factors outside of our control.

Off-Balance Sheet Arrangements

In the normal course of business, we are party to guarantees and financial instruments with off-balance sheet risk, such as bank letters of credit, performance or surety bonds and indemnities, which are not reflected on the consolidated balance sheet. As of March 31, 2016, we were self-bonded for \$190 million and had \$427.0 million of surety bonds outstanding to secure certain of our obligations to reclaim lands used for mining, secure coal lease obligations, and for other operating requirements. The terms and conditions with the issuers of the surety bonds allow for collateral calls to mitigate their exposure. The amount of collateral that could be required would be based on the underlying bonded assets and their risks, our credit profile, and overall market conditions. Should collateral for these obligations be called, this could utilize a significant

portion or our existing liquidity. We currently have no collateral posted.

We are proactively working to address the ongoing regulatory uncertainties regarding self-bonding programs in Wyoming by seeking to voluntarily transition away from self-bonding. We are in discussions with surety bond providers to potentially increase our bonding capacity by offering approximately 15% collateral in the form of letters of credit under the Credit Agreement. In addition, we have submitted applications to the Wyoming DEQ to reduce our bonding amount by incorporating recently completed reclamation, updated reclamation plans, and lower fuel price assumptions. Assuming these are accepted, they would reduce the required bonding amount potentially eliminating the need for self-bonding. Although we currently expect to be able to achieve our goal of transitioning away from self-bonding, it is dependent on our ability to increase surety bond capacity and the Wyoming DEQ's approval of our new reclamation plans and is, therefore, uncertain.

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Climate Change Regulatory Environment

Enactment of current, proposed, or future laws or regulations regarding emissions from the combustion of coal by the U.S. or some of its states or by other countries, or other actions to limit such emissions, like the creation of mandatory use requirements for renewable fuel sources, will likely result in electricity generators further switching from coal to other fuel sources. Public concern and the political environment may also continue to materially and adversely impact future coal demand and usage to generate electricity, regardless of applicable legal and regulatory requirements. Additionally, the creation and issuance of subsidies designed to encourage use of alternative energy sources could further decrease the demand of coal as an energy source. The potential financial impact on us as a result of these factors will depend upon the degree to which electricity generators diminish their reliance on coal as a fuel source as a result thereof. That, in turn, will depend on a number of factors, including the appeal and design of the subsidies being offered, the specific requirements imposed by any such laws or regulations such as mandating use by utilities of renewable fuel sources, the time periods over which those laws or regulations would be phased in and the state of any commercial development and deployment of carbon capture technologies, including storage, conversion, or other commercial use for captured carbon. In view of the significant uncertainty surrounding each of these factors, it is not possible for us to reasonably predict the impact that any such laws or regulations may have on our results of operations, financial condition, or cash flows, however, such impacts may be significant. See Item 1 Business Environmental and Other Regulatory Matters Global Climate Change and Item 1A Risk Factors of our 2015 Form 10-K for additional discussion regarding how climate change and other environmental regulatory matters may materially adversely impact our business.

Critical Accounting Policies and Estimates

The preparation of financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect reported amounts. These estimates and assumptions are based on information available as of the date of the financial statements. Accounting measurements at interim dates inherently involve greater reliance on estimates than at year-end. The results of operations for the three months ended March 31, 2016 are not necessarily indicative of results that can be expected for future quarters or the full year. Please refer to the section entitled Critical Accounting Policies and Estimates of Management's Discussion and Analysis of Financial Condition and Results of Operations in our 2015 Form 10-K for a discussion of our critical accounting policies and estimates.

Newly Adopted Accounting Standards and Recently Issued Accounting Pronouncements

See Note 2 of Notes to Unaudited Condensed Consolidated Financial Statements in Item 1 for a discussion of newly adopted accounting standards and recently issued accounting pronouncements.

Item 3. *Quantitative and Qualitative Disclosures About Market Risk.*

We define market risk as the risk of economic loss as a consequence of the adverse movement of market rates and prices or credit standings. We believe our principal market risks are commodity price risk, interest rate risk, and credit risk.

Commodity Price Risk

Historically, we have principally managed the commodity price risk for our coal contract portfolio through the use of long-term coal supply agreements of varying terms and durations. Market risk includes the potential for changes in the market value of our coal portfolio, which includes index sales, export pricing, and PRB derivative financial instruments. As of March 31, 2016, we had committed to sell approximately 64.8 million tons during 2016, of which 63.7 million tons are under fixed-price contracts. A \$1 change to the average coal sales price per ton for these 1.1 million unpriced tons would result in an approximate \$1.1 million change to the coal revenue. In addition, we entered into certain forward financial contracts linked to Newcastle coal prices to help manage our exposure to variability in future international coal prices. As of March 31, 2016, we held coal forward contracts for approximately 0.2 million tons which will settle in 2016, of which all have been fixed under offsetting contracts. As of March 31, 2016, we held domestic coal futures contracts for approximately 0.1 million tons, which will settle in 2016. A \$1 change to the market index price per ton for these futures contracts would result in an approximate \$0.1 million change to operating income (expense).

We also face price risk involving other commodities used in our production process, primarily diesel fuel. Based on our projections of our usage of diesel fuel for the next 12 months, and assuming that the average cost of diesel fuel increases

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by 10%, we would incur additional fuel costs of approximately \$4.8 million over the next 12 months. In addition, we use WTI derivative financial instruments to manage certain exposures to diesel fuel prices. If WTI decreases by 10%, we would incur additional costs of \$4.3 million. The terms of the program are disclosed in Note 5 to our notes to unaudited condensed consolidated financial statements in Item 1.

Interest Rate Risk

Our Credit Agreement and A/R Securitization Program are subject to an adjustable interest rate. See Item 2 Management's Discussion and Analysis of Financial Condition and Results of Operations Liquidity and Capital Resources. We had no outstanding borrowings under our Credit Agreement or A/R Securitization Program as of March 31, 2016. If we borrow funds under the Credit Agreement or A/R Securitization Program, we may be subject to increased sensitivity to interest rate movements.

The \$8.5 million of borrowings under the capital leasing program are also subject to variable interest rates although any change to the rate would not have a significant impact on cash flow. Any future debt arrangements that we enter into may also have adjustable interest rates that may increase our sensitivity to interest rate movements.

Credit Risk

We are exposed to credit loss in the event of non-performance by our counterparties, which may include end-use customers, trading houses, brokers, and financial institutions that serve as counterparties to our derivative financial instruments and hold our investments. We attempt to manage this exposure by entering into agreements with counterparties that meet our credit standards and that are expected to fully satisfy their obligations under the contracts. These steps may not always be effective in addressing counterparty credit risk.

When appropriate (as determined by our credit management function), we have taken steps to reduce our credit exposure to customers that do not meet our credit standards or whose credit has deteriorated. These steps include obtaining letters of credit and requiring prepayments for shipments. See Item 1A Risk Factors Risks Related to Our Business and Industry *We are exposed to counterparty risk with our customers, trading partners, financial institutions, and other parties with whom we conduct business.* in our 2015 Form 10-K.

Item 4. Controls and Procedures.

Disclosure Controls and Procedures

We maintain disclosure controls and procedures that are designed to ensure that information required to be disclosed in the reports we file or submit under the Securities Exchange Act of 1934 (the Exchange Act) is recorded, processed, summarized and reported, within the time periods specified in the Securities and Exchange Commission's rules and forms. These disclosure controls and procedures include, without limitation,

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controls and procedures designed to ensure that the information required to be disclosed by us in the reports we file or submit under the Exchange Act is accumulated and communicated to senior management, including our principal executive officer and principal financial officer, as appropriate to allow timely decisions regarding required disclosure. Our management, with the participation of our Chief Executive Officer and Chief Financial Officer, has evaluated our disclosure controls and procedures (as defined in Rules 13a-15(e) and 15d-15(e) under the Exchange Act) as of March 31, 2016, and has concluded that such disclosure controls and procedures are effective at the reasonable assurance level.

Internal Control over Financial Reporting

During the most recent fiscal quarter, there have been no changes to our internal control over financial reporting that materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

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PART II

OTHER INFORMATION

Item 1. *Legal Proceedings.*

See Note 9 of Notes to Unaudited Condensed Consolidated Financial Statements in Part I, Item 1, of this report relating to certain legal proceedings, which information is incorporated by reference herein.

Item 1A. *Risk Factors.*

In addition to the other information set forth in this report, including the risk factor set forth below, you should carefully consider the additional risks and uncertainties described in Item 1A of our 2015 Form 10-K. The risks described herein and in our 2015 Form 10-K are not the only risks we may face. If any of those risk factors, as well as other risks and uncertainties that are not currently known to us or that we currently believe are not material, actually occur, our business, financial condition, results of operations, cash flows, and liquidity could be materially and adversely affected. In our judgment, other than as set forth below, there were no material changes in the risk factors as previously disclosed in Item 1A of our 2015 Form 10-K.

As a result of ongoing depressed coal demand and competition from low priced natural gas, we are receiving more requests from customers to renegotiate, defer or cancel committed purchases under existing agreements. If we are unable to resolve these customer requests on terms that preserve the amount and timing of our forecasted economic value, our anticipated cash flows, results and liquidity may be materially adversely impacted.

From time to time in the ordinary course of our business, customers may seek to renegotiate the terms of our coal supply agreements to reallocate certain committed volumes into future time periods, reduce or cancel committed volumes or make other adjustments to our coal supply agreements. We address these requests on a case-by-case basis and seek to reach mutually agreed resolutions of these requested modifications as part of managing our long term customer relationships. As a result of ongoing depressed coal demand and competition from low priced natural gas, we are receiving more requests from customers to renegotiate, defer or cancel committed purchases under existing agreements. We continue to address these requests on a case-by-case basis. If we are unable to resolve these customer requests on terms that preserve the amount and timing of our forecasted economic value, our anticipated cash flows, results and liquidity may be materially adversely impacted.

Item 2. *Unregistered Sales of Equity Securities and Use of Proceeds.*

None.

Item 3. Defaults Upon Senior Securities.

None.

Item 4. Mine Safety Disclosures.

The information concerning mine safety violations or other regulatory matters required by Section 1503(a) of the Dodd-Frank Wall Street Reform and Consumer Protection Act and Item 104 of Regulation S-K is included in Exhibit 95.1 to this Form 10-Q.

Item 5. Other Information.

None.

Item 6. Exhibits.

See Exhibit Index at page 49 of this report.

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SIGNATURE

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

CLOUD PEAK ENERGY INC.

Date: April 28, 2016

By:

/s/ HEATH A. HILL
Heath A. Hill

*Executive Vice President and Chief Financial Officer
(Principal Financial Officer and Duly Authorized Officer)*

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EXHIBIT INDEX

The exhibits below are numbered in accordance with the Exhibit Table of Item 601 of Regulation S-K.

Exhibit Number	Description of Documents
3.1	Amended and Restated Certificate of Incorporation of Cloud Peak Energy Inc. effective as of November 25, 2009 (incorporated by reference to Exhibit 3.1 to Cloud Peak Energy Inc.'s Annual Report on Form 10-K filed on February 14, 2014 (File No. 001-34547))
3.2	Amended and Restated Bylaws of Cloud Peak Energy Inc., effective October 20, 2015 (incorporated by reference to Exhibit 3.2 to Cloud Peak Energy Inc.'s Quarterly Report on Form 10-Q filed on October 27, 2015 (File No. 001-34547))
10.1	Form of 2016 Performance Share Unit Award Agreement under the 2009 Cloud Peak Energy Inc. Long Term Incentive Plan (incorporated by reference to Exhibit 10.1 to Cloud Peak Energy Inc.'s Current Report on Form 8-K filed on March 7, 2016 (File No. 001-34547))
10.2	Form of 2016 Restricted Stock Unit Agreement under the 2009 Cloud Peak Energy Inc. Long Term Incentive Plan (incorporated by reference to Exhibit 10.2 to Cloud Peak Energy Inc.'s Current Report on Form 8-K filed on March 7, 2016 (File No. 001-34547))
10.3	Cloud Peak Energy Inc. 2009 Long Term Incentive Plan, as amended and restated effective March 12, 2016 (incorporated by reference to Exhibit 10.1 to Cloud Peak Energy Inc.'s Current Report on Form 8-K filed on March 14, 2016 (File No. 001-34547))
31.1*	Certification of Chief Executive Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002
31.2*	Certification of Chief Financial Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002
32.1*	Certification of Chief Executive Officer pursuant to Section 906 of the Sarbanes-Oxley Act of 2002
32.2*	Certification of Chief Financial Officer pursuant to Section 906 of the Sarbanes-Oxley Act of 2002
95.1*	Mine Safety Disclosure
101.INS*	XBRL Instance Document
101.SCH*	XBRL Taxonomy Extension Schema Document
101.CAL*	XBRL Taxonomy Calculation Linkbase Document
101.LAB*	XBRL Taxonomy Label Linkbase Document
101.PRE*	XBRL Taxonomy Presentation Linkbase Document
101.DEF*	XBRL Taxonomy Definition Document

* Filed or furnished herewith, as applicable