

**CLOUD PEAK ENERGY INC.  
CLOUD PEAK ENERGY RESOURCES LLC**

**INSIDER TRADING POLICY**

July 2018

**I. DEFINITIONS**

- A. “Cloud Peak” or the “Company” means Cloud Peak Energy Inc.
- B. “CPE LLC” means Cloud Peak Energy Resources LLC.
- C. “Deemed Insiders” means all directors and officers of the Company and CPE LLC and their direct and indirect subsidiaries, as well as non-executive Employees who routinely become aware of earnings information or other material, non-public information.
- D. “Employees” means employees of the Company, CPE LLC and their direct and indirect subsidiaries.
- E. “NYSE” means the New York Stock Exchange.

**II. SCOPE AND APPLICATION OF POLICY**

- A. The Company expects its directors, officers and all Employees not to disclose or use for personal advantage or profit undisclosed material information acquired by reason of their relationship with the Company or CPE LLC.
- B. As a reporting issuer in the U.S., the Company is also subject to, and is committed to complying fully with, all laws and regulations governing insider trading in the Company’s securities. Moreover, since the Company’s common stock trades on the NYSE, the Company must comply with, and is committed to complying with, the related rules of the NYSE.
- C. This policy statement (the “Policy”) sets out, in general terms, policies to guide Employees and Deemed Insiders in relation to trading restrictions on all of the Company’s securities (including the Company’s common stock, options to purchase common stock, or any other type of securities that the Company may issue, including preferred stock, convertible debt securities and warrants, as well as derivative securities that are not issued by the Company, such as exchange-traded put or call options or swaps relating to the Company’s securities), with a view to fulfilling the commitments set out in Sections II.A and B above. In addition, the Policy also applies to (1) any family member who resides with any Employee or Deemed Insider, (2) any family member whose transactions in

Company securities are subject to the influence or control of such Employee or Deemed Insider, (3) any other members of any such Employee's or Deemed Insider's household, and (4) any entities controlled by any Employee or Deemed Insider or such family members or other members of such Employee's or Deemed Insider's household.

- D. The Policy is supplemented by such insider trading directives or guidelines as may be adopted and amended from time to time under the Policy, with a view to offering more specific guidance and assistance.
- E. There are no exceptions to the Policy, except as specifically noted herein or as specifically approved in writing by the General Counsel. Transactions that may be necessary or justifiable for independent reasons (such as the need to raise money for an emergency expenditure), or small transactions, are not excepted from the Policy. The securities laws do not recognize any mitigating circumstances and, in any event, even the appearance of an improper transaction must be avoided to preserve the Company's reputation for adhering to the highest standards of conduct.

### **III. GENERAL TRADING RESTRICTIONS**

#### **A. Restrictions on Trading in Company Securities While Aware of Material, Non-Public Information**

Employees and Deemed Insiders must not buy or sell the Company's securities while aware of material, non-public information (see Section III.C below for a definition of material information).

#### **B. Restrictions on Tipping**

1. Securities laws prohibit the Company, CPE LLC, Employees, Deemed Insiders and any person in a special relationship (consultants, bankers, professionals, etc.) with the Company or CPE LLC from providing material, non-public information to a third party who trades or may trade the Company's securities while aware of the information ("Tipping"). Employees and Deemed Insiders also shall not recommend the purchase or sale of the Company's securities.
2. By exception, the Company or CPE LLC may disclose material information related to the Company or CPE LLC in the necessary course of business to certain persons such as bankers, lawyers, auditors and other persons who need to know the information for their work on behalf of the Company or CPE LLC. Such persons must be made aware of the confidentiality of the information and that it may not be passed on to others.

3. To the extent that Employees or Deemed Insiders, through their Cloud Peak or CPE LLC service, learn material, non-public information about publicly-traded companies other than Cloud Peak or CPE LLC, that information may not be used to trade the securities of those companies or provided to any third party who trades or may trade in those companies' securities.

#### **C. Determining What Constitutes Material Information**

1. The fundamental criterion for determining what constitutes material information is whether the item of information is one that relates to the business and affairs of the Company or CPE LLC and there is a substantial likelihood that a reasonable investor would consider it important in making an investment decision regarding the Company's securities. Both positive and negative information may be material.
2. There is no bright-line standard for assessing materiality; rather, materiality is based on an assessment of all of the facts and circumstances, and is often evaluated by enforcement authorities with the benefit of hindsight. While it is not possible to define all categories of material information, some examples of information that ordinarily would be regarded as material include corporate earnings information, dividends, issuances of securities or significant financing transactions, the establishment of a stock repurchase program, significant acquisitions or disposals, joint ventures, changes in control, significant corporate events (including corporate crises, such as cyber breaches or attacks), significant capital projects, important contracts, production figures, sales details, a change in auditors, significant developments in litigation or regulatory proceedings and changes in management.
3. For more detailed information regarding the regulatory disclosure of material information, please refer to the Company's Disclosure Policy or contact the General Counsel.

#### **D. Prohibited Transactions**

1. *Restriction on Transactions in Company or CPE LLC Debt Securities* – The Company believes that it is inappropriate for its Employees and Deemed Insiders to be creditors of the Company due to actual or perceived conflicts of interest that may arise in connection therewith. Therefore, Employees and Deemed Insiders are prohibited from engaging in transactions in Company or CPE LLC debt securities, whether or not those securities are convertible into Company common stock.

2. *Restriction on Short Sales* – Short sales of Company securities (i.e., the sale of a security that the seller does not own) may evidence an expectation on the part of the seller that the securities will decline in value, and therefore have the potential to signal to the market that the seller lacks confidence in the Company’s prospects. In addition, short sales may reduce a seller’s incentive to seek to improve Company performance. For these reasons, short sales of Company securities by Employees and Deemed Insiders are prohibited. In addition, Section 16(c) of the Securities Exchange Act of 1934 prohibits the Company’s officers and directors from engaging in short sales.
3. *Restriction on Transactions in Publicly-Traded Options* – Given the relatively short term of publicly-traded options, transactions in such options may create the appearance that an Employee or Deemed Insider is trading based on material, non-public information and focus an Employee’s or Deemed Insider’s attention on short-term performance at the expense of the Company’s long-term objectives. Accordingly, transactions in put options, call options or other derivative securities, on an exchange or in any other organized market, are prohibited by the Policy.
4. *Restriction on Hedging Transactions* – Hedging or monetization transactions can be accomplished through a number of possible mechanisms, including through the use of financial instruments such as prepaid variable forwards, equity swaps, collars and exchange funds. Such hedging transactions may permit an Employee or Deemed Insider to continue to own Company securities obtained through employee benefit plans or otherwise, but without the full risks and rewards of ownership. When that occurs, the Employee or Deemed Insider may no longer have the same objectives as the Company’s other stockholders. Therefore, Employees and Deemed Insiders are prohibited from engaging in any such transactions.
5. *Restriction on Margin Accounts and Pledged Securities* – Securities held in a margin account as collateral for a margin loan may be sold by the broker without the customer’s consent if the customer fails to meet a margin call. Similarly, securities pledged (or hypothecated) as collateral for a loan may be sold in foreclosure if the borrower defaults on the loan. Because a margin sale or foreclosure may occur at a time when the pledger is aware of material, non-public information or otherwise is not permitted to trade in Company securities, Employees and Deemed Insiders are prohibited from holding Company securities in a margin account or otherwise pledging Company securities as collateral for a loan.

6. *Standing and Limit Orders* – Standing and limit orders (except standing and limit orders under approved Rule 10b5-1 trading plans) create heightened risks for insider trading violations similar to the use of margin accounts. There is no control over the timing of purchases or sales that result from standing instructions to a broker, and as a result the broker could execute a transaction when an Employee or Deemed Insider is in possession of material, non-public information. The Company therefore discourages placing standing or limit orders on Company securities. If a person subject to the Policy determines that they must use a standing or limit order, the order should be limited to a short duration and is still subject to the pre-clearance and other requirements of this Policy.

#### **E. Exempted Transactions**

The Policy does not apply in the case of the following transactions, except as specifically noted:

1. *Stock Option Exercises* – The Policy does not apply to the exercise of an employee stock option acquired pursuant to the Company’s plans, or to the exercise of a tax withholding right pursuant to which a person has elected to have the Company withhold shares subject to an option to satisfy tax withholding requirements. The Policy does apply, however, to any sale of stock as part of a broker-assisted cashless exercise of an option, and any other market sale in connection with a stock option exercise.
2. *Restricted Stock, Restricted Stock Unit Awards and Performance Stock Units* – The Policy does not apply to the vesting of restricted stock, restricted stock units, or performance stock units, or to the exercise of a tax withholding right pursuant to which a person elects to have the Company withhold shares of stock to satisfy tax withholding requirements upon the vesting of any restricted stock, restricted stock units, or performance stock units. The Policy does apply, however, to any market sale of restricted stock, restricted stock units, or performance stock units.
3. *Employee Stock Purchase Plan* – The Policy does not apply to purchases of Company securities in the employee stock purchase plan resulting from a person’s periodic contribution of money to the plan pursuant to the election made by such person at the time of their enrollment in the plan. The Policy also does not apply to purchases of Company securities resulting from lump sum contributions to the plan, provided that the person elected to participate by lump sum payment at the beginning of the applicable enrollment period. The Policy does apply, however, to a person’s election to participate in the plan for any enrollment period, and to any such person’s sales of Company securities purchased pursuant to the plan.

4. *Other Similar Transactions* – Any other purchase of Company securities from the Company or sales of Company securities to the Company are not subject to the Policy if approved in writing in advance by the General Counsel.

#### **IV. TRADING REQUIREMENTS AFFECTING DEEMED INSIDERS**

##### **A. Deemed Insiders**

Deemed Insiders are subject to specific requirements by securities laws. The Company will provide notice to those individuals that it considers to be Deemed Insiders. Regardless of the contents of the Policy, Deemed Insiders must exercise extreme caution in relation to the timing of their trades in the Company's securities.

##### **B. Pre-Clearance of All Trades**

All Deemed Insiders must pre-clear in writing or an email any trading in the Company's securities with the General Counsel of the Company even if there is no trading blackout pursuant to this Policy.

##### **C. Trading Blackouts**

1. Deemed Insiders must not trade in the Company's securities prior to scheduled announcements of material information or unscheduled announcements of material information where the insider is aware of the content or probable issuance of such announcements.
2. Trading blackout periods in relation to the release of annual or quarterly results commence two weeks prior to the end of each quarterly financial reporting period. The period ends one full trading day following the issuance of a news release disclosing the earnings results.
3. Trading blackout periods prior to unscheduled announcements that are tied to a corporate decision commence when discussions have progressed to a point where it reasonably could be expected that the market price of the Company's securities would materially change if the status of the discussions were publicly disclosed. The period ends one full trading day following the disclosure of this material information. The Company may also impose trading blackout periods in connection with any material corporate event.
4. The Company will provide notice in writing to Deemed Insiders of the commencement and termination of any trading blackout period.

#### **D. Reporting by Deemed Insiders**

1. The purpose of the Deemed Insider reporting requirement is to provide information to the market about trading activities of individuals who manage or control the Company or CPE LLC and to deter insider trading based on confidential information.
2. Although the General Counsel's office will assist Deemed Insiders with their reporting requirements (as required), the ultimate responsibility for filing insider reports lies solely with the Deemed Insiders. They must report all transactions in Company securities immediately to the General Counsel as some filings must be made on a very tight deadline.
3. All directors and officers of the Company and other persons designated by the Company's Board of Directors as Section 16 reporting persons must file certain reports electronically with the Securities and Exchange Commission concerning their holdings, and the changes therein, of the Company's securities. Section 16 reporting persons must file (1) an initial insider report (Form 3) within 10 days after first becoming a Section 16 reporting person and (2) insider reports (Form 4) within two business days of the date of any change in such person's ownership of the Company's securities.
4. Failure to comply with insider reporting requirements can lead to serious consequences, including mandated disclosure of the error in the Company's proxy materials.

#### **E. Rule 10b5-1 Trading Plans**

Rule 10b5-1 under the Securities Exchange Act of 1934 provides a defense from insider trading liability for trading plans that meet certain conditions specified in Rule 10b5-1. Because application of the rule is complex, the adoption, modification or termination of a Rule 10b5-1 trading plan must be approved by the General Counsel in advance. Deemed Insiders may not adopt a Rule 10b5-1 trading plan during a trading blackout period or while in possession of material, non-public information.

#### **V. POST-TERMINATION TRANSACTIONS**

The Policy continues to apply to transactions in Company securities even after termination of service to the Company, CPE LLC or any of their direct and indirect subsidiaries. If an individual is in possession of material, non-public information when his or her service terminates, that individual may not trade in Company securities until that information has become public or is no longer material.

## **VI. COMPANY ASSISTANCE AND CONSEQUENCES OF VIOLATIONS**

Any questions pertaining to the Policy should be addressed to the General Counsel of the Company immediately. All determinations and interpretations by the General Counsel shall be final and not subject to further review. Ultimately, however, the responsibility for determining whether an individual is in possession of material, non-public information rests with that individual, and any action on the part of the Company or the General Counsel pursuant to the Policy does not in any way constitute legal advice or insulate an individual from liability under applicable securities laws.

Each person covered by the Policy is responsible for making sure that he or she complies with the Policy, and that any family member, household member or entity whose transactions are subject to the Policy also comply with the Policy. Due to the severity and potentially significant adverse consequences of an insider trading violation (which may include civil and criminal penalties), persons who violate the Policy may be subject to disciplinary action by the Company, which may include termination or other appropriate action. In addition, the Company may disclose information about potential violations of securities laws or other legal requirements by persons covered by the Policy to appropriate law enforcement authorities and other governmental agencies.