Peabody Energy (NYSE: BTU) Receives Investment-Grade Rating for Secured Credit Facility

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Peabody Energy's senior secured term loan and revolving credit facility was upgraded today to an investment-grade rating by Fitch Ratings, which also raised the company's bond ratings.

Fitch raised the ratings for Peabody's $450 million senior secured term loan and $900 million senior secured revolving credit facility to "BBB-" from "BB+" while also upgrading the $650 million senior notes due 2013 and its $250 million senior notes due 2016 to "BB+" from "BB." The outlook remains "Positive."

In raising the ratings, Fitch cited "Peabody's large, well-diversified operations, good control of low-cost production, strong liquidity and moderate leverage. Peabody should continue to benefit from recovery in coal prices, coupled with strong cost control."

Peabody's financial strength has steadily improved in recent years. The company reported record financial results for the year ended December 31, 2004, including a net-debt-to-net-capital ratio of 38 percent.

Peabody Energy is well positioned to fuel the future energy needs of America and the world. Peabody is the world's largest private-sector coal company, with 2004 sales of 227 million tons and $3.6 billion in revenues. Its coal products fuel more than 10 percent of all U.S. electricity and 3 percent of worldwide electricity. The company is serving global coal demand from electricity generators and steelmakers, and is growing to serve new global customers and emerging Btu Conversion markets.

Certain statements in this press release are forward looking as defined in the Private Securities Litigation Reform Act of 1995. These statements involve certain risks and uncertainties that may cause actual results to differ materially from expectations as of the date of this release. For detailed risk factors, please refer to the company's filings with the U.S. Securities and Exchange Commission. These factors are difficult to accurately predict and may be beyond the control of the company.

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