Peabody Energy (NYSE: BTU) Receives Investment Grade Rating by Fitch

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Fitch Ratings has upgraded Peabody Energy's senior secured term loan and revolving credit facility to BBB from BBB-. In addition, the company's Issuer Default Rating, and the ratings on its senior notes due 2013 and 2016, were also upgraded to investment grade with a rating of BBB- from BB+. The company's outlook is Stable.

"The ratings reflect Peabody's large, well-diversified operations, good control of low-cost production, strong liquidity and moderate leverage," stated Fitch. "Peabody should continue to benefit from robust coal prices coupled with strong cost control."

The upgrade is Peabody's third since the beginning of 2005. Previously this year, Moody's upgraded Peabody's corporate family rating to Ba1, and in 2005 Fitch raised Peabody's senior secured credit facility rating to investment grade.

Peabody Energy is the world's largest private-sector coal company, with 2005 sales of 240 million tons of coal and $4.6 billion in revenues. Its coal products fuel approximately 10 percent of all U.S. and 3 percent of worldwide electricity.

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