



On a long enough timeline
the survival rate for
everyone drops to zero.

Peabody Energy Corp (United States)

CREDIT SNAPSHOT

12/29/09

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- 01 DEBT DISTRIBUTION**
- 02 BONDS**
- 03 INCOME STATEMENT**
- 04 CASH FLOW**
- 05 BALANCE SHEET**
- 06 COVERAGE RATIOS**
- 07 LEVERAGE RATIOS**
- 08 ENTERPRISE VALUE**
- 09 RETURN ON CAPITAL**
- 10 RECOVERY & TANGIBLE NET WORTH**
- 11 ACCOUNTING RED FLAGS**
- 12 LATEST SEC FILINGS**
- 13 LEGAL DISCLAIMER**

BTU US Equity

equity ticker: BTU US

bond ticker: BTU

sector: Energy

subgroup: Coal

company description:

Peabody Energy Corporation mines and markets predominantly low sulfur coal, primarily for use by electric utilities. The Company also trades coal and emission allowances. Peabody owns and operates mines in Arizona, Colorado, New Mexico and Wyoming, Illinois, Indiana, and Australia. The Company also a minority interest in a Venezuelan mine through a joint venture.

Peabody Energy Corp has 7,200 employees.

capitalisation (USD in millions):

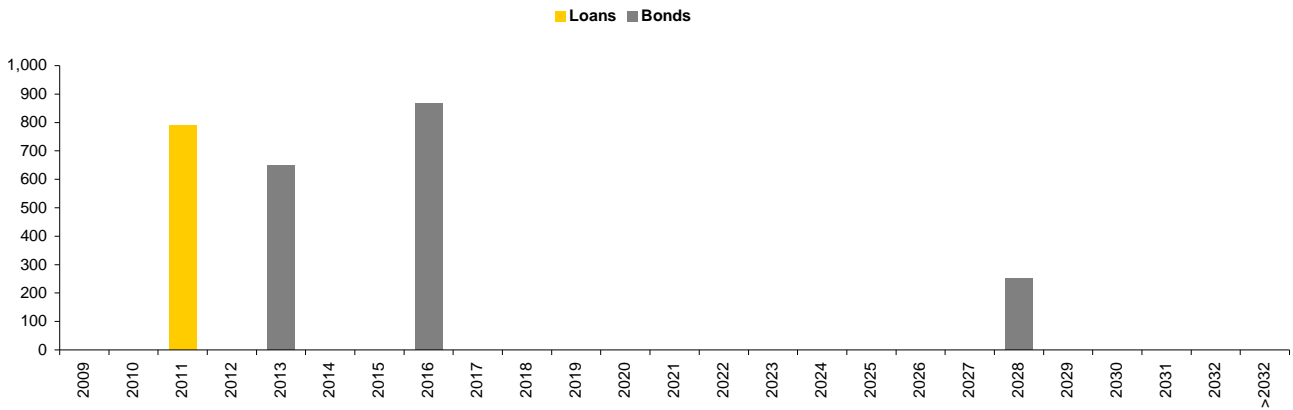
stock price	USD 46.14
shares outstanding (million)	<u>267.84</u>
market capitalisation (USD mm)	12,348
total debt	2,777
cash + marketable securities	791
other capital	<u>14</u>
enterprise value (excl. cash)	14,348
current EV / TTM EBITDA	9.5x

The company's next report is expected for 1/21/2010 (type: Estimated).

www.peabodyenergy.com

issuer	Rtg	debt type & details	coupon	mat	crncy	amount out (mm)	facility amount (mm)	issue date
PEABODY ENERGY CORP	NA	Loan, unsecured, rev, floater		9/15/2011	USD	300	2,750	5/14/1998
PEABODY ENERGY CORP	NA	Loan, unsecured, delay-draw term, floater		9/15/2011	USD	490	2,750	9/15/2006
PEABODY ENERGY CORP	BB+	Bond, callable, company guarnt, fixed	6.875%	3/15/2013	USD	650	-	8/1/2003
PEABODY ENERGY CORP	BB+	Bond, callable, company guarnt, fixed	5.875%	4/15/2016	USD	218	-	3/23/2004
PEABODY ENERGY CORP	BB+	Bond, callable, company guarnt, fixed	7.375%	11/1/2016	USD	650	-	10/12/2006
PEABODY ENERGY CORP	BB+	Bond, callable, company guarnt, fixed	7.875%	11/1/2026	USD	250	-	10/12/2006
PEABODY ENERGY CORP	B+	Bond, conv/call, jr sub debs, fixed	4.750%	12/15/2041	USD	733	-	12/20/2006

Total amount out of instruments listed above (USD in MM)	3,291	Cash (MM)	791
Total debt (MM)	2,777	Total Number of Debt Instruments (for the issuer and its subs)	7



Moody's Ratings		
Outlook	STABLE	12/14/06
Issuer	WR	07/07/05
Senior Secured Debt	N/A	
LT Corp Family	Ba1	02/28/06
Bank Loan Debt	Ba1	09/12/06
Senior Unsecured Debt	Ba1	09/12/06
Subordinated Debt	N/A	
Short Term	N/A	

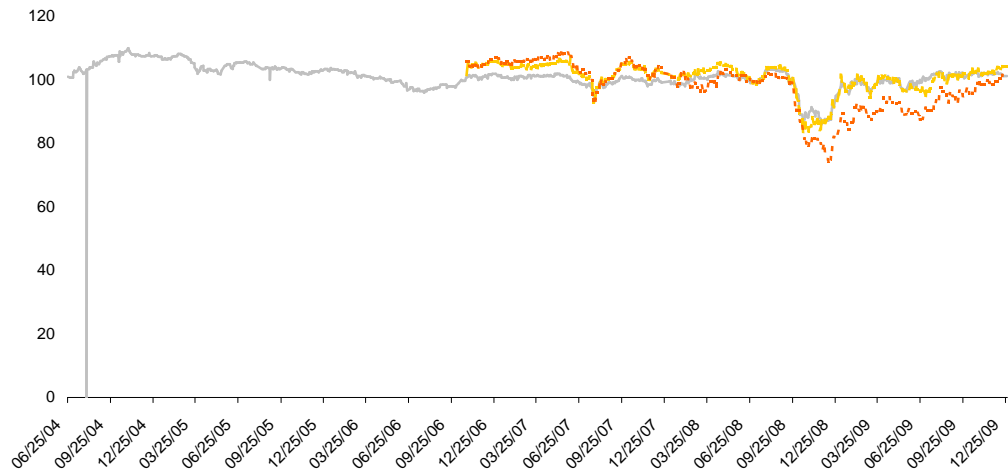
Standard & Poor's Ratings		
Outlook	STABLE	09/15/08
LT Foreign Currency Issuer	BB+	09/15/08
LT Local Currency Issuer	BB+	09/15/08
ST Foreign Currency Issuer	N/A	
ST Local Currency Issuer	N/A	

id	issuer	coupon	mat	outstanding	S&P	MDY	ask px	yield	spread*	px date	
704549AC	PEABODY ENERGY CORP	6.875	03/15/13	USD	650,000,000	BB+	Ba1	101.25	5.8	470	12/28/09
704549AE	PEABODY ENERGY CORP	7.375	11/01/16	USD	650,000,000	BB+	Ba1	104.25	6.6	306	12/28/09
704549AF	PEABODY ENERGY CORP	7.875	11/01/26	USD	250,000,000	BB+	Ba1	101.50	7.7	325	12/28/09

*interpol. swap spread

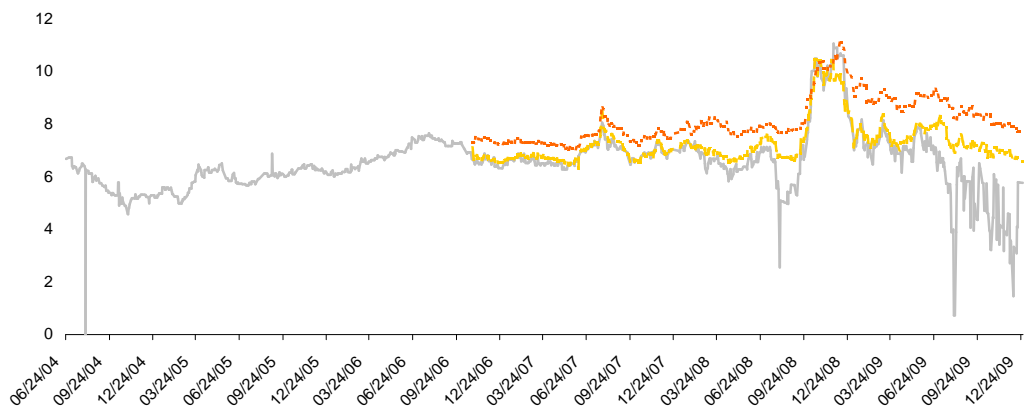
Total Debt for the company currently stands at USD 2,776mm.

bond price

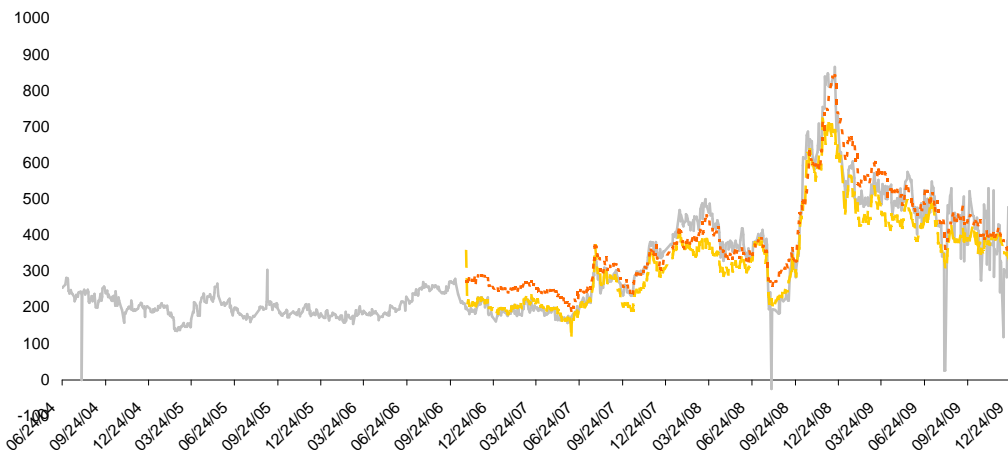


yield

— PEABODY ENERGY CORP 6.875% 3/2013 USD
 - - - PEABODY ENERGY CORP 7.375% 11/2016 USD
 - - - PEABODY ENERGY CORP 7.875% 11/2026 USD
 - - -



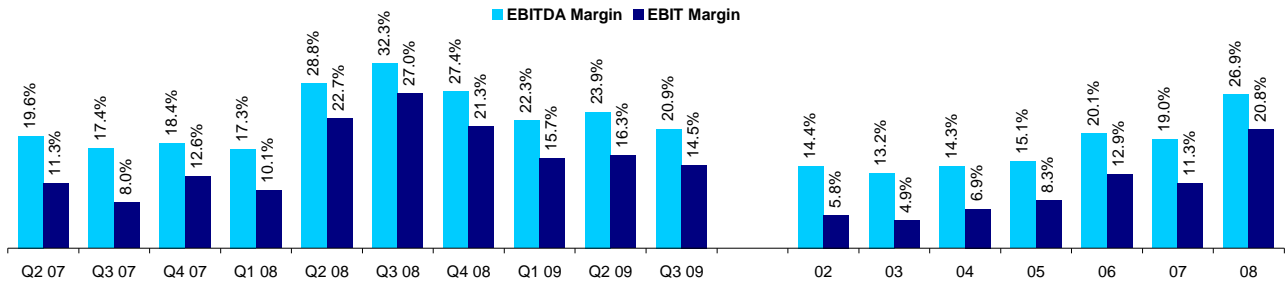
interpolated swap spread



Prices & yields bid side to 28/7/08 and ask side thereafter. Spread is Govt Bid Sprd to 28/7/08 and Interpol. Swap Ask Sprd then.

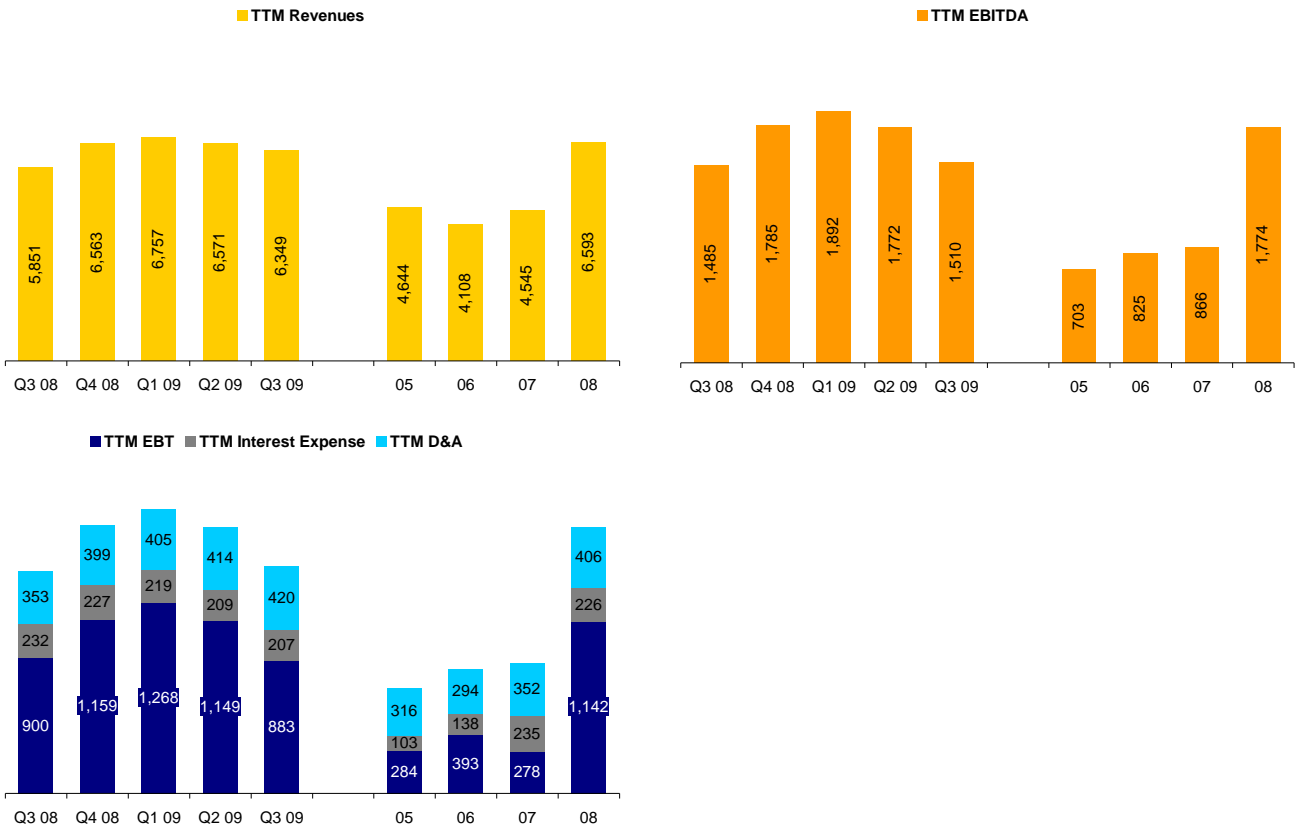
USD in millions	Q3 08	Q4 08	Q1 09	Q2 09	Q3 09	05	06	07	08
					09/30/09				12/31/08
Revenues	1,890	1,881	1,460	1,341	1,667	4,644	4,108	4,545	6,593
COGS	1,335	1,417	1,184	1,077	1,369	4,032	3,450	3,885	5,023
COGS % of Revenues	70.6%	75.3%	81.1%	80.3%	82.1%	86.8%	84.0%	85.5%	76.2%
SG&A	44	64	47	46	55	226	128	147	202
SG&A % of Revenues	2.3%	3.4%	3.2%	3.5%	3.3%	4.9%	3.1%	3.2%	3.1%
EBITDA	610	515	326	320	349	703	825	866	1,774
Interest Expense	54	55	51	48	52	103	138	235	226
EBT	456	345	178	170	190	284	393	278	1,142
Net Income	370	293	170	79	107	423	601	264	954
EBITDA Margin	32.3%	27.4%	22.3%	23.9%	20.9%	15.1%	20.1%	19.0%	26.9%
EBIT Margin	27.0%	21.3%	15.7%	16.3%	14.5%	8.3%	12.9%	11.3%	20.8%

INCOME STATEMENT

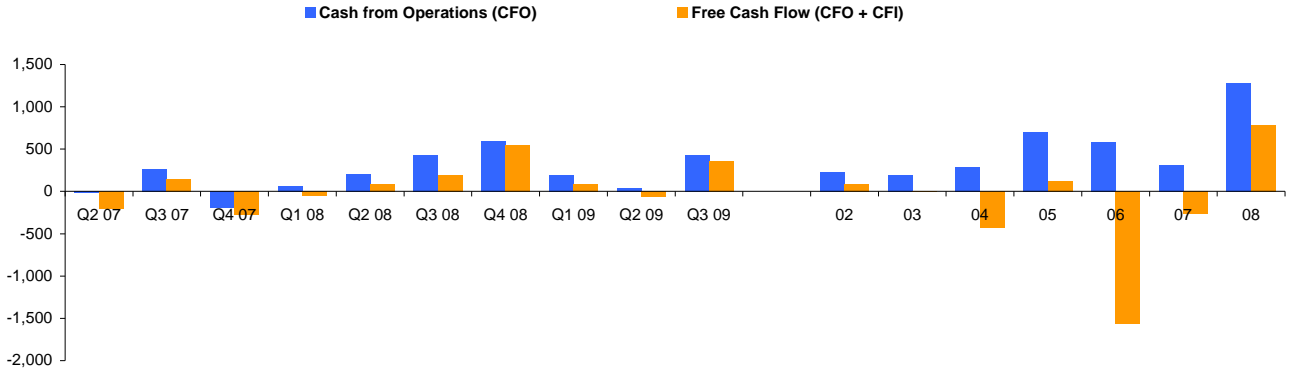


USD in millions	Q3 08	Q4 08	Q1 09	Q2 09	Q3 09	05	06	07	08
					09/30/09				12/31/08
TTM Revenues	5,851	6,563	6,757	6,571	6,349	4,644	4,108	4,545	6,593
TTM EBITDA	1,485	1,785	1,892	1,772	1,510	703	825	866	1,774
TTM D&A	353	399	405	414	420	316	294	352	406
TTM EBIT	1,132	1,386	1,487	1,358	1,090	387	530	513	1,368
TTM Interest Expense	232	227	219	209	207	103	138	235	226
TTM EBT	900	1,159	1,268	1,149	883	284	393	278	1,142
TTM Net Income	696	953	1,066	912	649	423	601	264	954

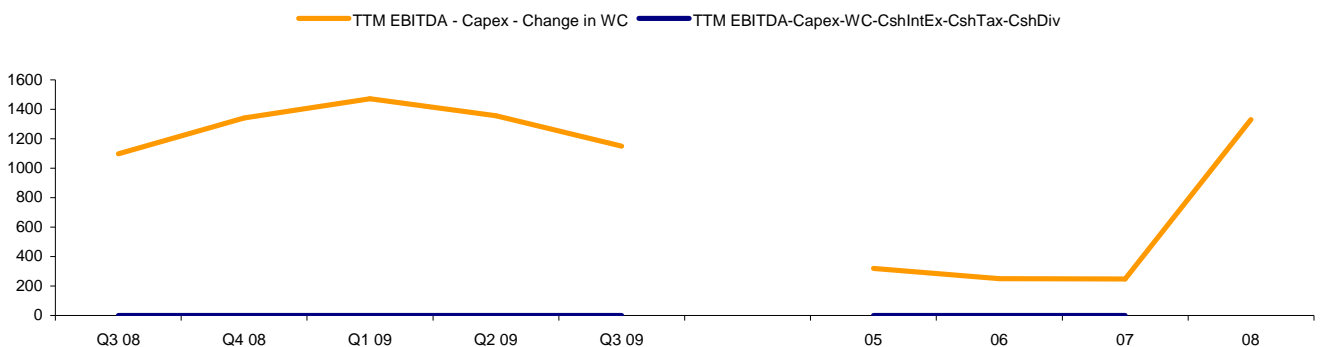
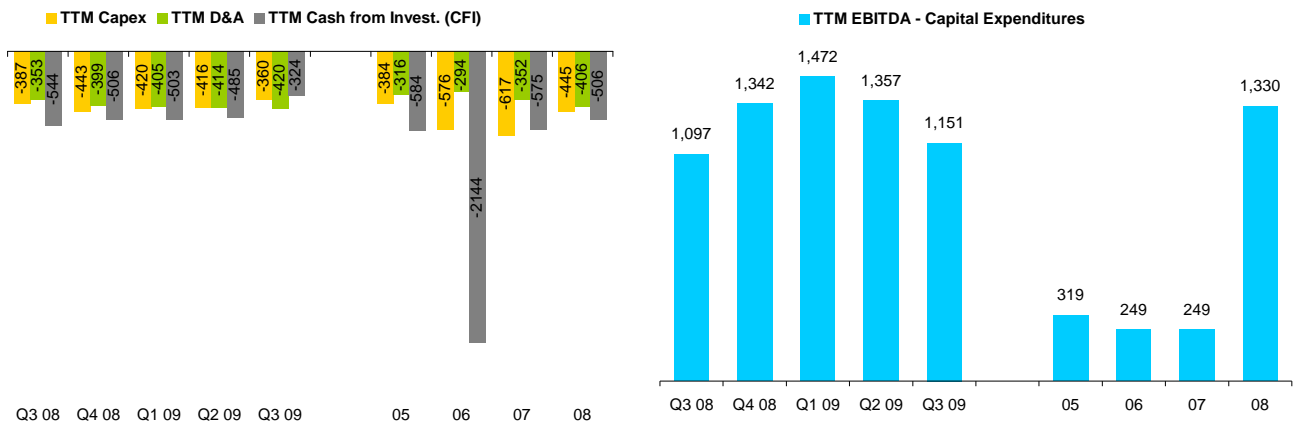
TTM INCOME STATEMENT



USD in millions		Q3 08	Q4 08	Q1 09	Q2 09	Q3 09	05	06	07	08
CASH FLOW						09/30/09				12/31/08
	Cash from Operations (CFO)	428	593	190	39	429	703	583	316	1,286
	Cash from Investing (CFI)	-229	-47	-106	-102	-68	-584	-2,144	-575	-506
	Free Cash Flow (CFO + CFI)	199	546	84	-63	360	119	-1,561	-259	780
	Cash from Financing Activities	-170	-201	-7	-18	-16	-5	1,384	45	-376



USD in millions		Q3 08	Q4 08	Q1 09	Q2 09	Q3 09	05	06	07	08
TTM CASH FLOW						09/30/09				12/31/08
	TTM Cash from Operations (CFO)	505	1,286	1,419	1,251	1,251	703	583	316	1,286
	TTM Cash from Invest. (CFI)	-544	-506	-503	-485	-324	-584	-2,144	-575	-506
	TTM Capex	-387	-443	-420	-416	-360	-384	-576	-617	-445
	TTM D&A	-353	-399	-405	-414	-420	-316	-294	-352	-406
	TTM Free Cash Flow (CFO + CFI)	-39	780	915	766	928	119	-1,561	-259	780
	TTM Cash from Financing Activities	-7	-376	-469	-395	-241	-5	1,384	45	-376
	TTM CFO - Capital Expenditures	118	843	999	835	892	318	8	-301	841
	TTM EBITDA - Capital Expenditures	1,097	1,342	1,472	1,357	1,151	319	249	249	1,330
	TTM EBITDA - Capex - Change in WC	1,097	1,341	1,472	1,356	1,150	319	249	249	1,329
	TTM EBITDA-Capex-WC-CshIntEx-CshTax-CshDiv									
	TTM CFO/Total Debt	16.0%	40.7%	50.9%	45.0%	45.1%	50.0%	17.9%	9.7%	40.7%
TTM FCF/Total Debt	-1.2%	24.7%	32.9%	27.5%	33.4%	8.4%	-47.8%	-7.9%	24.7%	



USD in millions	Q3 08	Q4 08	Q1 09	Q2 09	Q3 09	05	06	07	08
					09/30/09				12/31/08
Cash	104	450	527	446	791	503	327	45	450
Marketable Securities / ST Investments									
Accounts & Notes Receivable	413	384	291	319	340	222	358	257	384
Inventories & Unbilled Receivables	275	278	327	448	357	390	215	265	278
Net Fixed Assets	7,387	7,315	7,309	7,313	7,228	5,178	7,552	7,298	7,315
75% of Accounts Receivable	310	288	218	239	255	166	269	193	288
30% of Inventories & Unbill. Rec.	83	83	98	134	107	117	65	79	83
10% of Net Fixed Assets	739	732	731	731	723	518	755	730	732
Collateral (Liquidation) Asset Value	1,235	1,552	1,574	1,551	1,876	1,304	1,415	1,047	1,552
Working Capital	-115	115	304	546	766	302	-93	-260	115
Cash Conversion Cycle	-57.9	7.7	-51.7	-9.1	-45.5	-2.0	-54.4	-24.1	7.7
Total Borrowings (includes ST Borrowings)	3,152	3,156	2,786	2,783	2,777	1,406	3,264	3,273	3,156
Net Debt	3,048	2,707	2,259	2,337	1,986	902	2,937	3,228	2,707
Collateral Asset Value / Total Borrowings	39.2%	49.2%	56.5%	55.7%	67.5%	92.8%	43.4%	32.0%	49.2%

BALANCE SHEET

explanations and definitions:

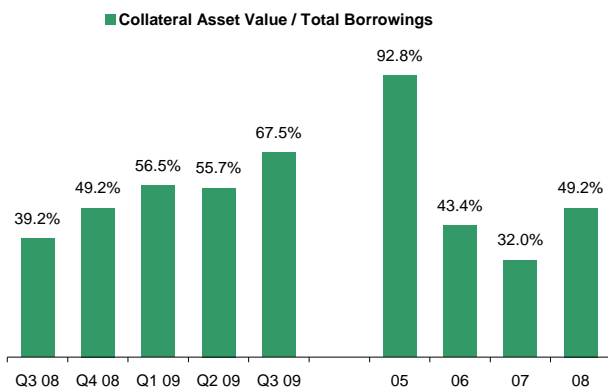
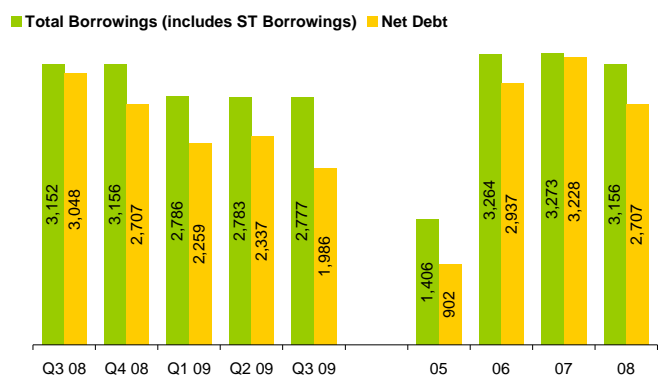
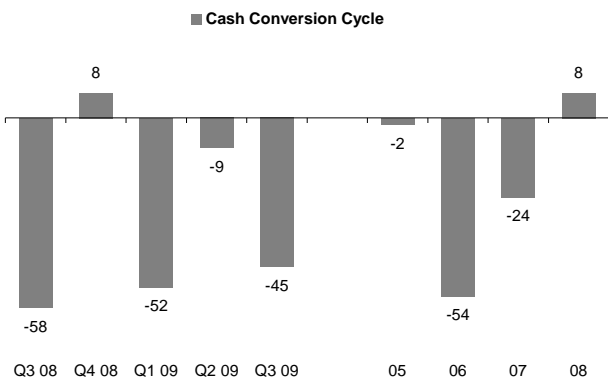
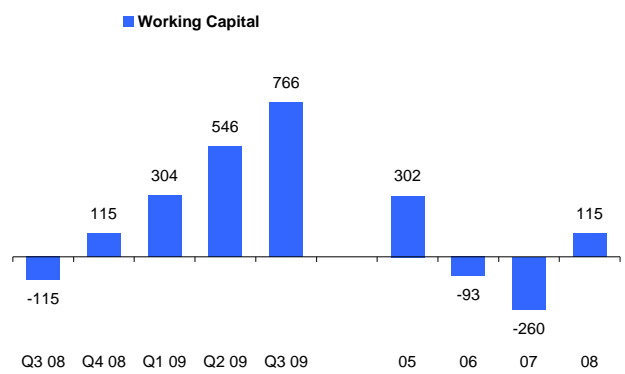
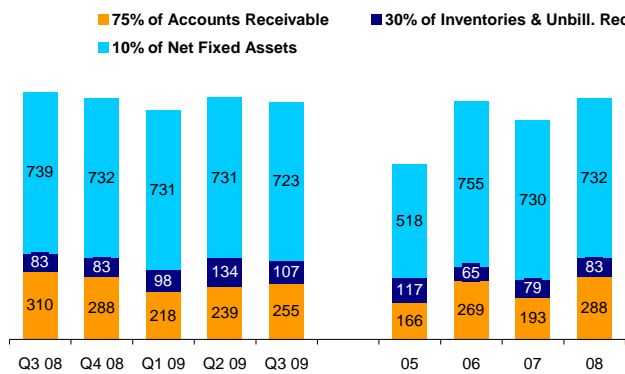
The approximation we use to calculate a company's total **Collateral (Liquidation) Asset Value** (for an asset based liquidation scenario) is calculated as the sum of Cash plus Marketable Securities / Short-Term Investments plus assets with the following valuation rates applied:

75% of stated Accounts Receivable

30% of stated Inventory

10% of stated Net Fixed Assets.

Although we acknowledge that some industries and individual situations demand clearly different assumptions we nevertheless think this is a useful approximation across all industries covered, if only as a starting point for further individual in-depth analysis.



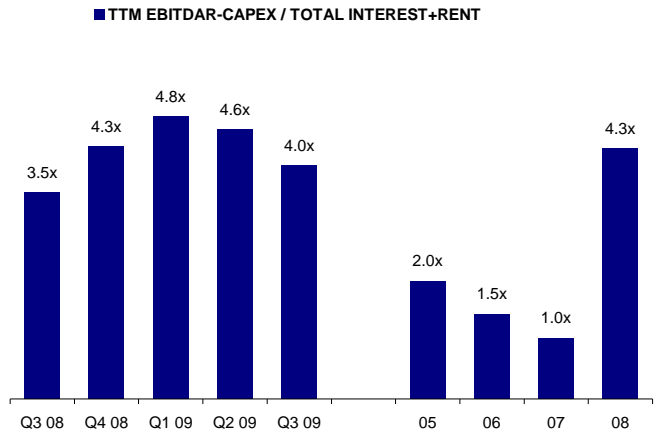
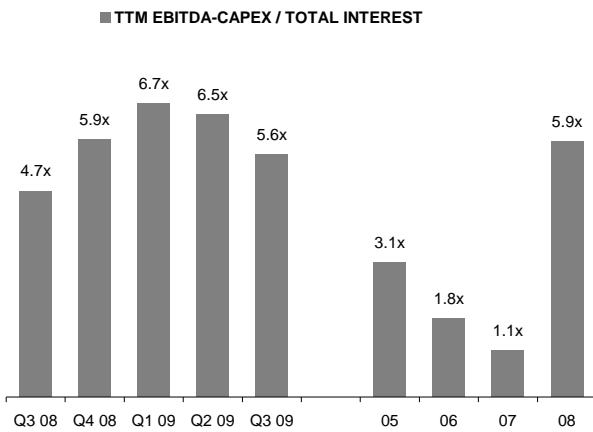
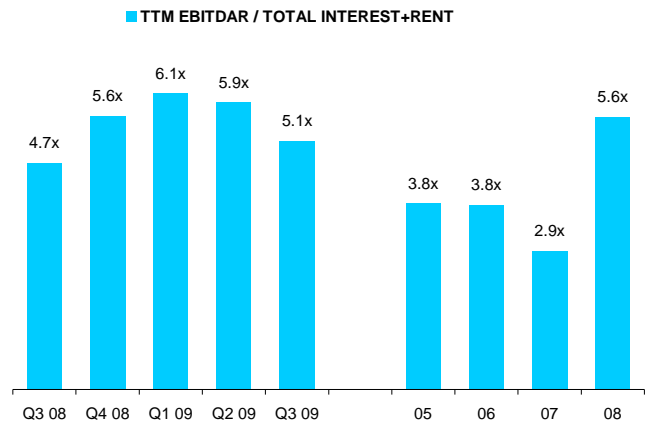
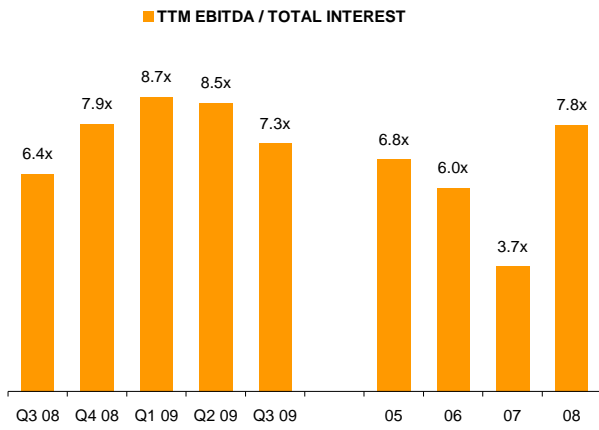
As of 12/31/2008 the Pension Plan of Peabody Energy Corp was underfunded by USD -216mm. The discount rate used for the company's Pension Plan liabilities is 6.75%.

As of 12/31/2008 the Post Retirement Benefits Plan of Peabody Energy Corp was underfunded by USD -833mm. The discount rate used for the company's Post Retirement Benefits liabilities is 6.6%.

COVERAGE RATIOS	USD in millions	Q3 08	Q4 08	Q1 09	Q2 09	Q3 09	05	06	07	08
						09/30/09				12/31/08
	TTM EBITDA / TOTAL INTEREST	6.4x	7.9x	8.7x	8.5x	7.3x	6.8x	6.0x	3.7x	7.8x
TTM EBITDAR / TOTAL INTEREST+RENT	4.7x	5.6x	6.1x	5.9x	5.1x	3.8x	3.8x	2.9x	5.6x	
TTM EBITDA-CAPEX / TOTAL INTEREST	4.7x	5.9x	6.7x	6.5x	5.6x	3.1x	1.8x	1.1x	5.9x	
TTM EBITDAR-CAPEX / TOTAL INTEREST+RENT	3.5x	4.3x	4.8x	4.6x	4.0x	2.0x	1.5x	1.0x	4.3x	

explanations and definitions:

TTM TOTAL INTEREST: For all coverage ratio calculations we use the Total Interest figure which in addition to **Interest Expense** also includes **Capitalized Interest Expenses**. We think this gives a better view of the economic reality than the simple Interest Expense figure.



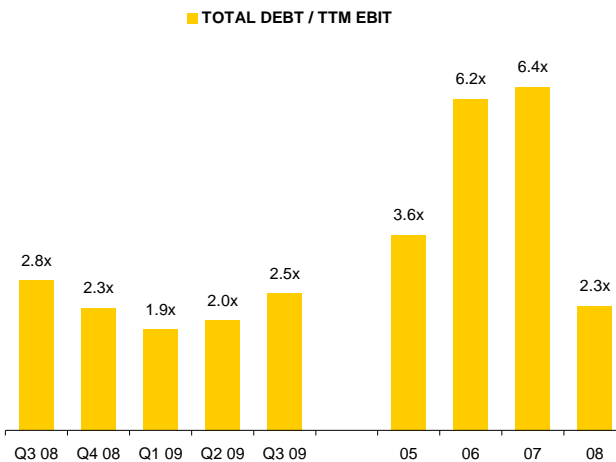
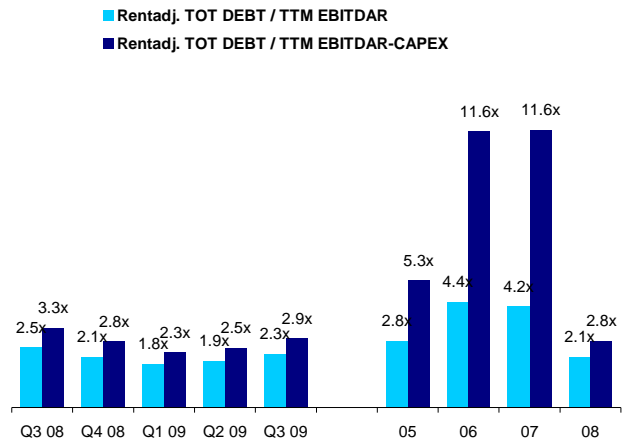
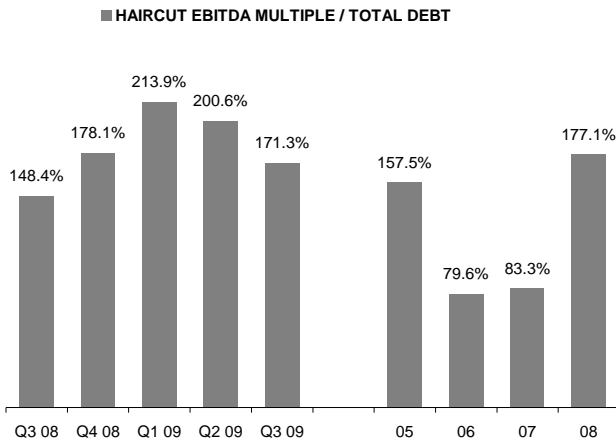
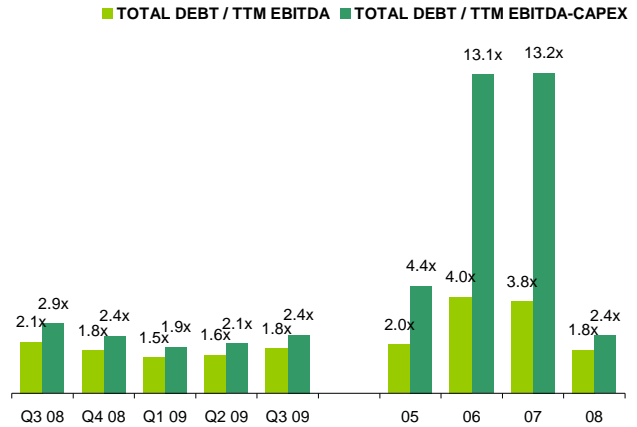
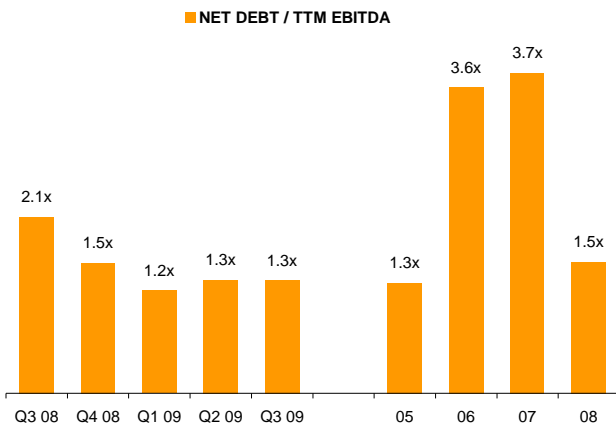
USD in millions	Q3 08	Q4 08	Q1 09	Q2 09	Q3 09	05	06	07	08
					09/30/09				12/31/08
NET DEBT / TTM EBITDA	2.1x	1.5x	1.2x	1.3x	1.3x	1.3x	3.6x	3.7x	1.5x
TOTAL DEBT / TTM EBITDA	2.1x	1.8x	1.5x	1.6x	1.8x	2.0x	4.0x	3.8x	1.8x
TOTAL DEBT / TTM EBITDA-CAPEX	2.9x	2.4x	1.9x	2.1x	2.4x	4.4x	13.1x	13.2x	2.4x
Rentadj. TOT DEBT / TTM EBITDAR	2.5x	2.1x	1.8x	1.9x	2.3x	2.8x	4.4x	4.2x	2.1x
Rentadj. TOT DEBT / TTM EBITDAR-CAPEX	3.3x	2.8x	2.3x	2.5x	2.9x	5.3x	11.6x	11.6x	2.8x
HAIRCUT EBITDA MULTIPLE / TOTAL DEBT	148.4%	178.1%	213.9%	200.6%	171.3%	157.5%	79.6%	83.3%	177.1%
TOTAL DEBT / TTM EBIT	2.8x	2.3x	1.9x	2.0x	2.5x	3.6x	6.2x	6.4x	2.3x

LEVERAGE RATIOS

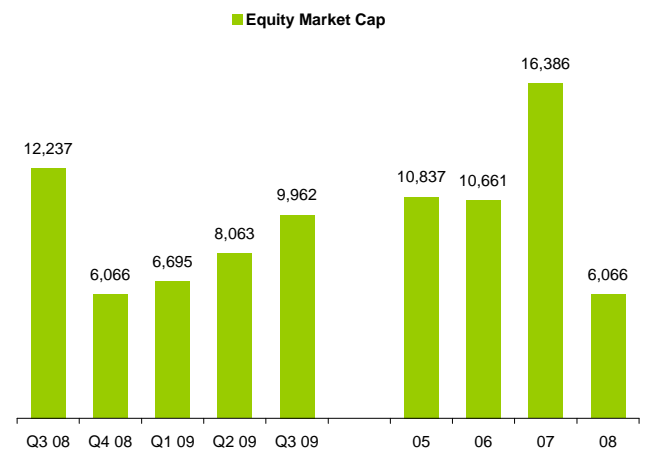
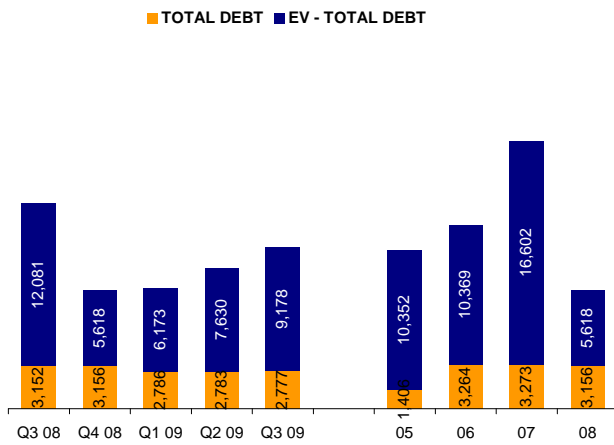
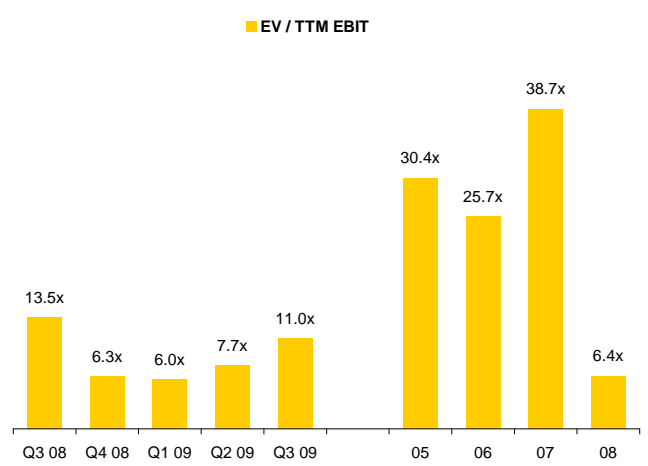
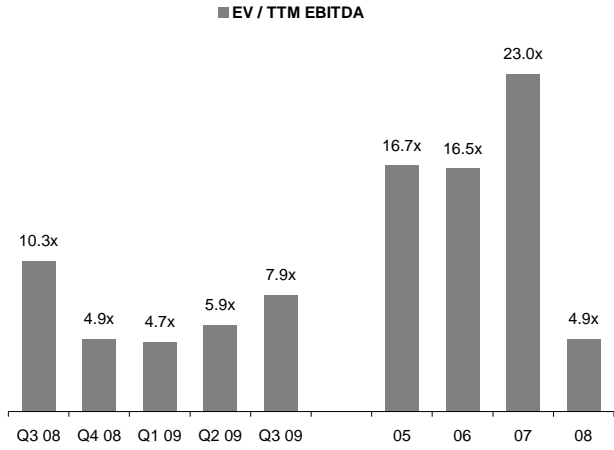
explanations and definitions:

Rent adj. Total Debt/TTM EBITDAR: This ratio is calculated by dividing the Rent Adjusted Total Debt figure (Total Debt plus 8 times TTM Rental Expenses) by EBITDAR (TTM EBITDA plus TTM Rental Expenses).

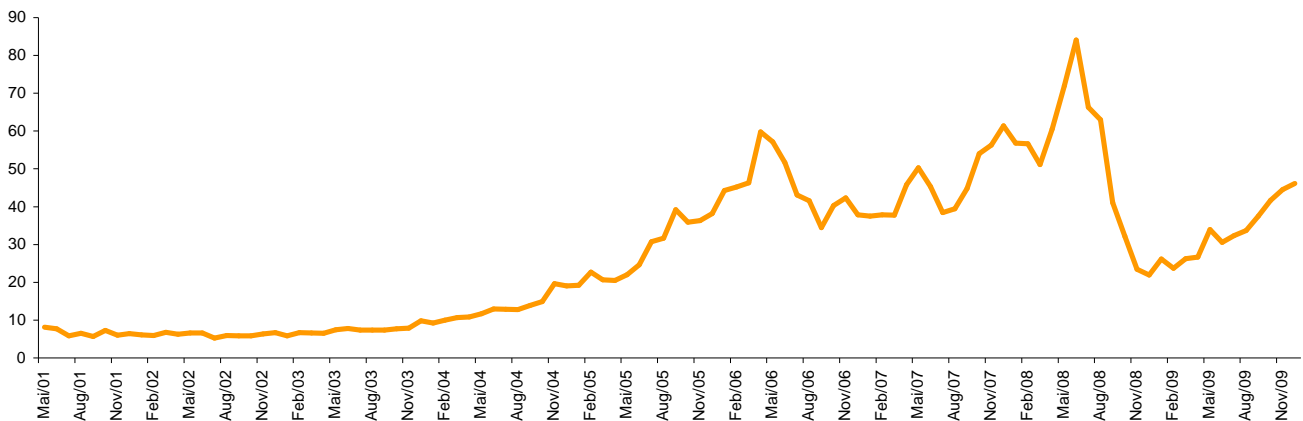
HAIRCUT EBITDA MULTIPLE / TOTAL DEBT: We adjust TTM EBITDA to 70% of its stated value, multiply the result with 4.5 as an assumed exit multiple and relate the resulting figure (the haircut EBITDA multiple) to the TOTAL DEBT number. This ratio should reflect the situation of an issuer's liquidation, whereby the assets can be sold at a reduced EBITDA multiple.



USD in millions		Q3 08	Q4 08	Q1 09	Q2 09	Q3 09	05	06	07	08
ENTERPRISE VALUE	EV / TTM EBITDA	10.3x	4.9x	4.7x	5.9x	7.9x	16.7x	16.5x	23.0x	4.9x
	EV / TTM EBIT	13.5x	6.3x	6.0x	7.7x	11.0x	30.4x	25.7x	38.7x	6.4x
	Enterprise Value	15,233	8,774	8,959	10,413	11,955	11,758	13,633	19,875	8,774
	TOTAL DEBT	3,152	3,156	2,786	2,783	2,777	1,406	3,264	3,273	3,156
	Equity Market Cap	12,237	6,066	6,695	8,063	9,962	10,837	10,661	16,386	6,066



BTU US stock closing price



USD in millions	Q3 08	Q4 08	Q1 09	Q2 09	Q3 09	05	06	07	08
					09/30/09				12/31/08
Adjusted Cap Rate	4.88%	10.35%	0	8.55%	5.99%	2.38%	2.74%	1.82%	10.47%
Tangible Capital	5,983	5,612	5,593	5,934	5,771	3,083	5,069	5,748	5,612
Total Intangibles	0	0	0	0	0	0	241	0	0
Pre-tax ROIC	18.9%	24.7%	26.6%	22.9%	18.9%	12.5%	10.5%	8.9%	24.4%
After-tax ROIC (effective tax rate)	16.3%	21.9%	21.9%	12.2%	12.6%	12.5%			20.5%
After-tax ROIC (assumed tax rate)	12.3%	16.0%	17.3%	14.9%	12.3%	8.2%	6.8%	5.8%	15.8%
WACD (Pre-tax)	7.4%	7.2%	7.8%	7.5%	7.4%	7.3%	4.2%	7.2%	7.2%

explanations and definitions:

Adjusted Cap Rate: This ratio shows EBIT reduced by an assumed tax rate of 35% and adjusted for Net Non-Operating and Extraordinary Losses (Gains) - averaged over the last 5 years - divided by the Enterprise Value.

Tangible Capital: Starting with the Total Book Capital the Tangible Capital figure is calculated by subtracting Intangibles, Cash and Marketable Securities as well as Short Term Investments.

We calculate three different ROIC (Return on Invested Capital) figures:

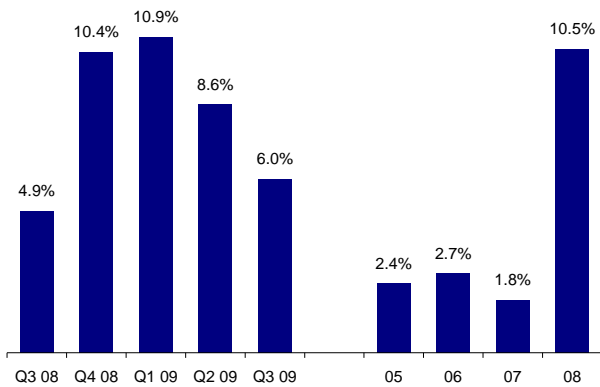
Pre-Tax ROIC: this ratio relates the trailing twelve months (TTM) EBIT to Tangible Capital as defined above.

After-tax ROIC (effective tax rate): here EBIT is corrected by the company's effective tax rate as stated in it's latest financials, giving an after-tax ROIC rate.

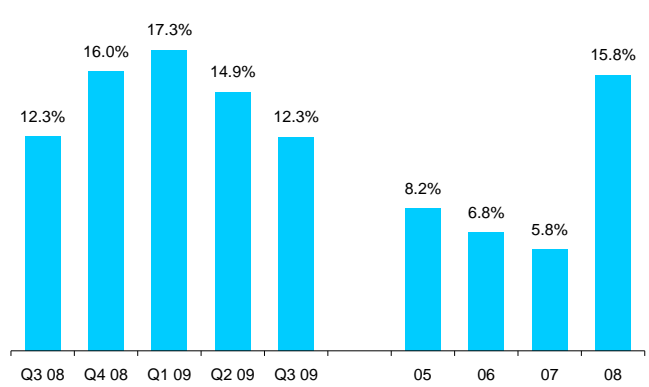
After-tax ROIC (assumed tax rate): here EBIT is corrected by an assumed tax rate of 35%, giving a modified after-tax ROIC rate.

WACD (Pre-Tax): This rate is defined as trailing twelve months (TTM) TOTAL INTEREST EXPENSE divided by Total Borrowings.

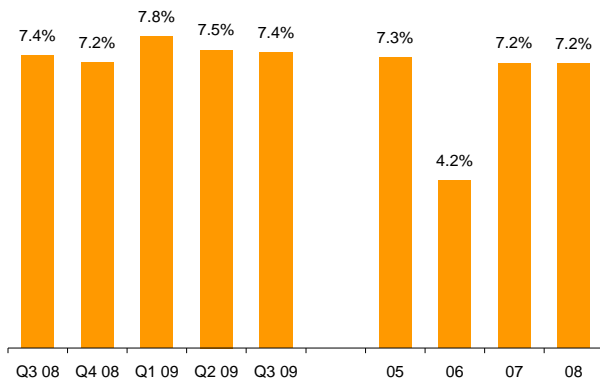
■ Adjusted Cap Rate



■ After-tax ROIC (assumed tax rate)



■ WACD (Pre-tax)



Average Bond Spread (in BPoints (1))	378
Estimated Bond Recovery Rate (2)	100.0%
Resulting Tolerable Default Rate (3)	NM

explanations and definitions:

We calculate estimated default and recovery rates to be used in other credit models (f.i. for the valuation of CDOs or similar structures) as follows:

(1) **Average Bond Spread:** Average Spread of all bonds listed on page 2 of this report.

(2) **Estimated Bond Recovery Rate:** To calculate this rate we first divide the total debt amount into bond debt and loan debt that is senior to bond debt. As an approximation for the total amount of bond debt we use the sum of the amounts outstanding of all bonds listed on page 1 of this report. The total debt figure is reduced by this sum, giving us an approximate figure for debt that is senior to bond debt. We then calculate a collateral asset coverage figure for the bond debt by starting with the Collateral Asset Value (as defined on page 5 of this report) which we reduce by the amount of senior debt ahead of the bonds. The remaining Collateral Asset Value is then divided by the approximate bond debt amount as defined above, giving an estimated recovery value on a collateral asset basis. We apply the same logic to an EBITDA multiple ratio (as on page 7 of this report) and get a second recovery estimate based on the EBITDA multiple. The higher of the 2 estimates is used as the "Estimated Bond Recovery Rate".

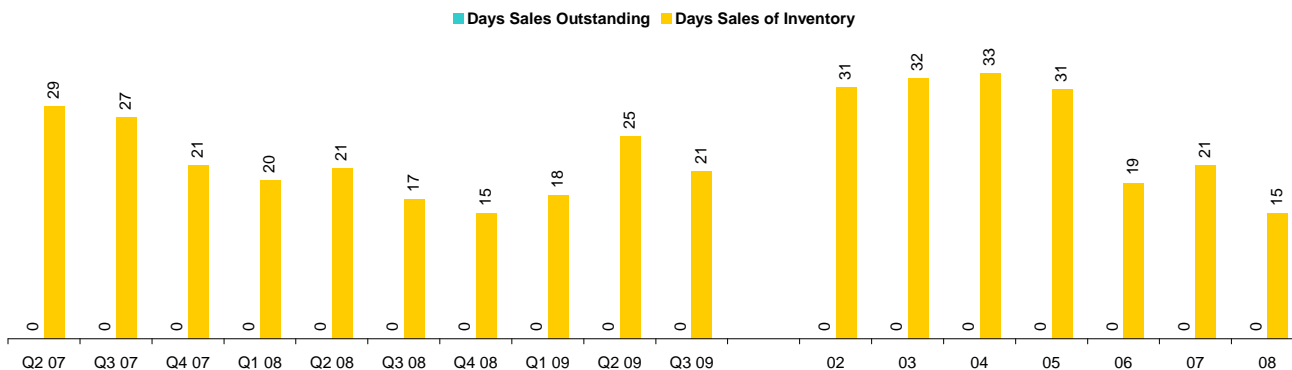
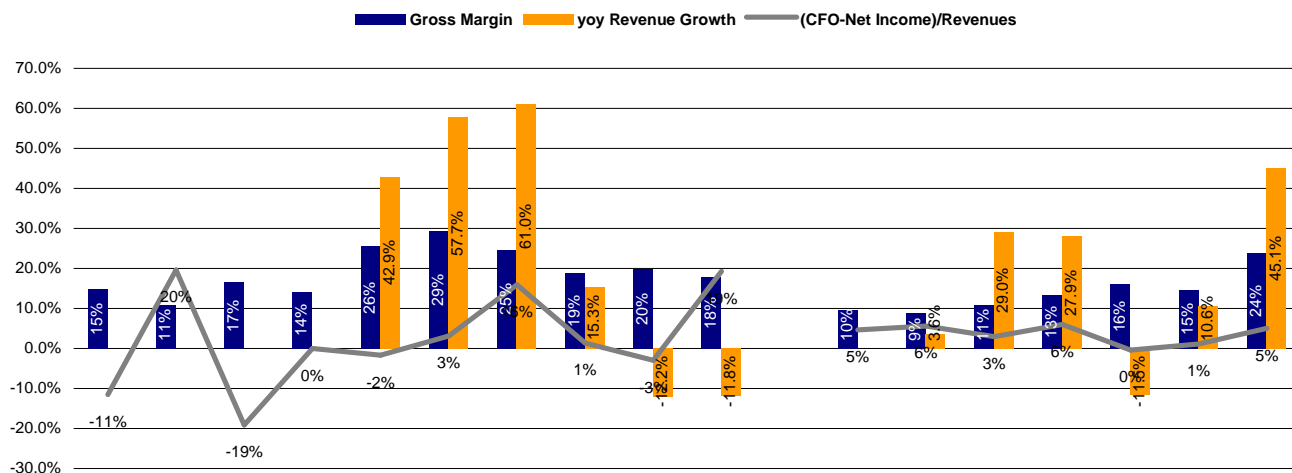
(3) **Resulting Tolerable Default Rate:** The implied default rate calculated using the Market Spread (1) and the Estimated Recovery Rate (2). With the given Market Spread and Estimated Recovery Rate it defines the maximum tolerable default probability for the risk premium paid in the form of Spread. Please note: This rate will only be displayed when it is greater than 0% and lower than 30% as we believe it is not meaningful ('NM') out of this range.

Although we acknowledge that the calculated results are by no means exact, we think they make for a good estimate in the valuation of credit structures when individual default and recovery rates for single issuers are to be used.

USD in millions	Q3 08	Q4 08	Q1 09	Q2 09	Q3 09	05	06	07	08
					09/30/09				12/31/08
Total Assets	9,603	9,822	9,667	9,623	9,860	6,852	9,514	9,091	9,822
Total Liabilities	6,668	6,917	6,334	6,026	6,075	4,671	7,142	6,571	6,917
Total Intangibles							241		
Tangible Net Worth	2,935	2,905	3,334	3,597	3,785	2,181	2,131	2,520	2,905
Rent Debt (8x Annual Rental Expense)	870	870	870	870	870	869	855	838	870
Underfunded Pension & Post Ret. Liab.						-148	-1,001	-902	-1,049
Discount on Hard Assets	6,944	6,874	6,879	6,975	6,840	4,988	7,037	6,818	6,874
Adjusted Tangible Net Worth	-4,879	-4,838	-4,415	-4,247	-3,925	-3,824	-6,762	-6,036	-5,888

USD in millions	Q3 08	Q4 08	Q1 09	Q2 09	Q3 09	05	06	07	08
					09/30/09				12/31/08
(CFO-Net Income)/Revenues	3.1%	15.9%	1.4%	-3.0%	19.3%	6.0%	-0.4%	1.1%	5.0%
yoy Revenue Growth	57.7%	61.0%	15.3%	-12.2%	-11.8%	27.9%	-11.5%	10.6%	45.1%
Gross Margin	29.4%	24.7%	18.9%	19.7%	17.9%	13.2%	16.0%	14.5%	23.8%
Days Sales Outstanding	26	21	16	18	20	17	32	21	21
Days Sales of Inventory	17	15	18	25	21	31	19	21	15
Soft Assets	1,027	979	805	645	601	210	615	744	979
Unbilled Receivables	-	-	-	-	-	-	-	-	-
Deferred / Unearned Revenue	-	-	-	-	-	-	-	-	-
Allowance for Doubtful Accounts	14	25	14	14	18	11	11	12	25
TTM Dividends Paid	65	65	65	65	64	45	63	64	65
TTM Preferred Dividends	0	0	0	0	0	0	0	0	0
Net Change in Capital Stock	-55	-163	2	1	3	26	-46	129	-181
Non-Capex CFI (CFI less Capex)	-112	45	-11	8	-7	-200	-1,568	42	-61

ACCOUNTING RED FLAGS



Auditor Information:	
Current auditor	ERNST & YOUNG LLP (as of 26.2.2009)
Auditor's opinion	Unqualified
Auditor's opinion - Definitions	
Not Audited / Unaudited	No tests were performed to verify amounts in financial statements. Typically applied to interim statement.
Partially audited	Not all statements were audited. Auditor may specifically give opinion on one or two statements.
Unqualified	Auditor declares, without reservation, that the financial statements fairly represent the company's financial position at a point in time and that the statements conform in all material respects to GAAP.
Qualified: Limited Scope	An aspect of the company's financial statements could not be verified, such as a portion of inventory not counted.
Qualified: Inconsistent Standards	Accounting standards were not applied consistently between periods.
Qualified: not GAAP	Standard accounting principles for the country were not followed. Typically related to a unique line item and uses the phrase 'except for.'
Qualified: uncertainty	Doubt exists related to a material balance sheet item, such as value of investment or collectability of major receivable; or auditor doubts going concern ability of company. This opinion usually employs the phrase 'subject to.'
Disclaimer	Auditor refuses to state opinion on financial statements, typically due to lack of sufficient documentation provided by company and/or subsidiaries.

Quarterly Report (Form Type 10-Q)

end of period

Annual Report (Form Type 10-K)

end of period

Special Events & Material News (Form Type 8-K)

filing date

Prospectus (Form Type 42..)

filing date



On a long enough timeline
the survival rate for
everyone drops to zero.

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