

KARN ROBERT B III
 Form 4
 November 18, 2010

FORM 4 UNITED STATES SECURITIES AND EXCHANGE COMMISSION
 Washington, D.C. 20549

OMB APPROVAL

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Check this box if no longer subject to Section 16. Form 4 or Form 5 obligations may continue. See Instruction 1(b).

STATEMENT OF CHANGES IN BENEFICIAL OWNERSHIP OF SECURITIES

Filed pursuant to Section 16(a) of the Securities Exchange Act of 1934, Section 17(a) of the Public Utility Holding Company Act of 1935 or Section 30(h) of the Investment Company Act of 1940

(Print or Type Responses)

1. Name and Address of Reporting Person *
KARN ROBERT B III

2. Issuer Name and Ticker or Trading Symbol
PEABODY ENERGY CORP [BTU]

5. Relationship of Reporting Person(s) to Issuer

(Check all applicable)

(Last) (First) (Middle)

3. Date of Earliest Transaction (Month/Day/Year)
 11/17/2010

Director 10% Owner
 Officer (give title below) Other (specify below)

C/O PEABODY ENERGY CORPORATION,, 701 MARKET STREET

(Street)

4. If Amendment, Date Original Filed(Month/Day/Year)

6. Individual or Joint/Group Filing(Check Applicable Line)

Form filed by One Reporting Person
 Form filed by More than One Reporting Person

ST. LOUIS, MO 63101-1826

(City) (State) (Zip)

Table I - Non-Derivative Securities Acquired, Disposed of, or Beneficially Owned

| 1. Title of Security (Instr. 3) | 2. Transaction Date (Month/Day/Year) | 2A. Deemed Execution Date, if any (Month/Day/Year) | 3. Transaction Code (Instr. 8) | 4. Securities Acquired (A) or Disposed of (D) (Instr. 3, 4 and 5) | 5. Amount of Securities Beneficially Owned Following Reported Transaction(s) (Instr. 3 and 4) | 6. Ownership Form: Direct (D) or Indirect (I) (Instr. 4) | 7. Nature of Indirect Beneficial Ownership (Instr. 4) |
|---------------------------------|--------------------------------------|--|--------------------------------|---|---|--|---|
| | | | | (A) or (D) | Price | | |
| Common Stock | 11/17/2010 | | M | A | \$ 4,331 | D | |
| Common Stock | 11/17/2010 | | M | A | \$ 7,595 | D | |
| Common Stock | 11/17/2010 | | S | D | \$ 56.39 | D | |
| Common Stock | | | | | | I | By Trust |
| Common Stock | | | | | | I | By Family |

Trust

Reminder: Report on a separate line for each class of securities beneficially owned directly or indirectly.

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(9-02)

Table II - Derivative Securities Acquired, Disposed of, or Beneficially Owned
(e.g., puts, calls, warrants, options, convertible securities)

| 1. Title of Derivative Security (Instr. 3) | 2. Conversion or Exercise Price of Derivative Security | 3. Transaction Date (Month/Day/Year) | 3A. Deemed Execution Date, if any (Month/Day/Year) | 4. Transaction Code (Instr. 8) | 5. Number of Derivative Securities Acquired (A) or Disposed of (D) (Instr. 3, 4, and 5) | 6. Date Exercisable and Expiration Date (Month/Day/Year) | 7. Title and Amount of Underlying Securities (Instr. 3 and 4) | 8. Amount or Number of Shares |
|--|--|--------------------------------------|--|--------------------------------|---|--|---|-------------------------------|
| Director Stock Option (right to buy) | \$ 6.3162 | 11/17/2010 | | M | 4,331 | ⁽¹⁾ 01/16/2013 | Common Stock | 4,331 |
| Director Stock Option (right to buy) | \$ 6.5841 | 11/17/2010 | | M | 7,595 | ⁽⁴⁾ 05/06/2013 | Common Stock | 7,595 |

Reporting Owners

| Reporting Owner Name / Address | Relationships | | | |
|---|---------------|-----------|---------|-------|
| | Director | 10% Owner | Officer | Other |
| KARN ROBERT B III C/O PEABODY ENERGY CORPORATION, 701 MARKET STREET ST. LOUIS, MO 63101-1826 | X | | | |

Signatures

Robert B. Karn, III By: Kenneth L. Wagner
Attorney-in-Fact 11/18/2010

__Signature of Reporting Person

Date

Explanation of Responses:

* If the form is filed by more than one reporting person, *see* Instruction 4(b)(v).

** Intentional misstatements or omissions of facts constitute Federal Criminal Violations. *See* 18 U.S.C. 1001 and 15 U.S.C. 78ff(a).

- (1) The options vested in three equal annual installments beginning January 16, 2004.
- (2) Not applicable.
- (3) Does not include director stock options with different expiration dates and exercise prices.
- (4) The options vested in three equal annual installments beginning May 6, 2004.

Note: File three copies of this Form, one of which must be manually signed. If space is insufficient, *see* Instruction 6 for procedure.

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