

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)  
**C/O PEABODY ENERGY CORPORATION,, 701 MARKET STREET**

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

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

(Street)  
**ST. LOUIS, MO 63101-1826**

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

(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	<sup>(1)</sup> 01/16/2013	Common Stock	4,331
Director Stock Option (right to buy)	\$ 6.5841	11/17/2010		M	7,595	<sup>(4)</sup> 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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