

ENGELHARDT IRL F
Form 4
October 12, 2006

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 *
ENGELHARDT IRL F

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)
701 MARKET STREET

(Street)

3. Date of Earliest Transaction
(Month/Day/Year)
10/11/2006

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

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)			
			Code	V	Amount	(A) or (D)	Price			
Common Stock	10/11/2006		M		26,880	A	\$ 7.2975	569,116	D ⁽¹⁾	
Common Stock	10/11/2006		M		67,939	A	\$ 10.4875	637,055	D ⁽¹⁾	
Common Stock	10/11/2006		M		67,938	A	\$ 10.4875	704,993	D ⁽¹⁾	
Common Stock	10/11/2006		M		36,965	A	\$ 20.2625	741,958	D ⁽¹⁾	
Common Stock	10/11/2006		S ⁽²⁾		199,722	D	\$ 40	542,236	I ⁽¹⁾	By Trust
								32,881 ⁽³⁾	D	

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Common
Stock

Common
Stock

Common
Stock

19,450

I

By
401(k)
Plan

4,400

I

By
Spouse

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

Persons who respond to the collection of information contained in this form are not required to respond unless the form displays a currently valid OMB control number.

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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)
				Code	V (A) (D)	Date Exercisable Expiration Date	Title Amount or Number of Shares
Employee Stock Option (right to buy)	\$ 7.2975	10/11/2006		M	26,880	01/02/2006 01/02/2013	Common Stock 26,880
Employee Stock Option (right to buy)	\$ 10.4875	10/11/2006		M	67,939	01/02/2005 01/02/2014	Common Stock 67,939
Employee Stock Option (right to buy)	\$ 10.4875	10/11/2006		M	67,938	01/02/2006 01/02/2014	Common Stock 67,938
Employee Stock Option (right to buy)	\$ 20.2625	10/11/2006		M	36,965	01/25/2006 01/25/2015	Common Stock 36,965

Reporting Owners

Reporting Owner Name / Address	Relationships			
	Director	10% Owner	Officer	Other
ENGELHARDT IRL F 701 MARKET STREET ST. LOUIS, MO 63101-1826		X		

Signatures

Irl F. Engelhardt By: Jeffery L. Klinger,
Attorney-in-Fact 10/12/2006

__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) Pursuant to the Rule 10b5-1 trading plan referred to in footnote 2, upon exercise of the options the shares are immediately transferred to a family trust.
- (2) This sale was effected pursuant to a pre-existing Rule 10b5-1 trading plan adopted by the reporting person.
- (3) Includes 5,969 shares acquired pursuant to the Company's Employee Stock Purchase Plan.
- (4) Not applicable.
- (5) Does not include an additional 1,246,272 options with different expiration dates and exercise prices.

Note: File three copies of this Form, one of which must be manually signed. If space is insufficient, *see* Instruction 6 for procedure. Potential persons who are to respond to the collection of information contained in this form are not required to respond unless the form displays a currently valid OMB number.