

PEABODY ENERGY CORP
 Form 4
 May 10, 2007

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 *
CRAIG IAN S

(Last) (First) (Middle)
 701 MARKET STREET
 (Street)

ST. LOUIS, MO 63101

(City) (State) (Zip)

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

3. Date of Earliest Transaction
 (Month/Day/Year)
05/09/2007

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

5. Relationship of Reporting Person(s) to Issuer

(Check all applicable)

____ Director _____ 10% Owner
 Officer (give title below) _____ Other (specify below)
 Managing Dir - Australian Ops.

6. Individual or Joint/Group Filing(Check Applicable Line)
 Form filed by One Reporting Person
 ____ Form filed by More than One Reporting Person

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	05/09/2007		M ⁽¹⁾	5,614 A \$ 10.4875	34,336	D	
Common Stock	05/09/2007		M ⁽¹⁾	3,757 A \$ 19.3275	38,093	D	
Common Stock	05/09/2007		M ⁽¹⁾	4,892 A \$ 43.1	42,985	D	
Common Stock	05/09/2007		S ⁽¹⁾	14,263 D \$ 50	28,722	D	

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

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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)	Amount or Number of Shares
Employee Stock Option (right to buy)	\$ 10.4875	05/09/2007		M ⁽¹⁾	5,614	01/02/2007 01/02/2014	Common Stock	5,614
Employee Stock Option (right to buy)	\$ 19.3275	05/09/2007		M ⁽¹⁾	3,757	01/03/2007 01/03/2015	Common Stock	3,757
Employee Stock Option (right to buy)	\$ 43.1	05/09/2007		M ⁽¹⁾	4,892	01/03/2007 01/03/2016	Common Stock	4,892

Reporting Owners

Reporting Owner Name / Address	Relationships			
	Director	10% Owner	Officer	Other
CRAIG IAN S 701 MARKET STREET ST. LOUIS, MO 63101			Managing Dir - Australian Ops.	

Signatures

Ian S. Craig By: Bryan L. Sutter,
Attorney-in-Fact

05/10/2007

__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) This exercise/sale was effected pursuant to a pre-existing Rule 10b5-1 trading plan adopted by the reporting person.
 - (2) Not applicable.
 - (3) Does not include an additional 212,026 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.