

KLINGER JEFFERY L
Form 4
January 05, 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 *
KLINGER JEFFERY L

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)
01/03/2006

____ Director _____ 10% Owner
 Officer (give title below) _____ Other (specify below)
VP, GC & Sec.

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 Ownership (Instr. 4)		
				Code	V	Amount				(A) or (D)	Price
Common Stock	01/03/2006		M			2,500	A	\$ 14	31,966 ⁽¹⁾	D ⁽²⁾	
Common Stock	01/03/2006		S ⁽³⁾			2,500	D	\$ 82.47	29,466 ⁽¹⁾	I ⁽²⁾	By Trust
Common Stock	01/03/2006		S ⁽³⁾			2,500	D	\$ 82.47	26,966 ⁽¹⁾	I ⁽²⁾	By Trust

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

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number.

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 Security (Instr. 3 and 4)				
				Code	V	(A)	(D)	Date Exercisable	Expiration Date	Title	Amount or Number of Shares
Employee Stock Option (right to buy)	\$ 14	01/03/2006		M		2,500		05/21/2002	05/21/2011	Common Stock	2,
Employee Stock Option (right to buy)	\$ 86.2	01/03/2006		A		3,302		01/03/2007 ⁽⁵⁾	01/02/2016	Common Stock	3,

Reporting Owners

Reporting Owner Name / Address	Relationships			
	Director	10% Owner	Officer	Other
KLINGER JEFFERY L 701 MARKET STREET ST. LOUIS, MO 63101-1826			VP, GC & Sec.	

Signatures

Jeffery L. Klinger by Joseph W. Bean,
Attorney-in-Fact

01/05/2006

Date

__Signature of Reporting Person

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) Amount includes 1,748 shares held directly by the reporting person.

(2) Pursuant to the Rule 10b5-1 trading plan referred to in footnote 3, upon exercise of the options the shares are immediately transferred to a family trust.

(3) The sale reported in this Form 4 was effected pursuant to a pre-existing Rule 10b5-1 trading plan adopted by the reporting person.

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- (4) The numbers reported in this column 9 of Table II do not include an additional 168,642 options with different expiration dates and exercise prices.
- (5) The options vest in three equal annual installments beginning on January 3, 2007.

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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