

10-26-1998

RADEMARKS ONLY

U.S. DEPARTMENT OF COMMERCE
Patent and Trademark Office



100860401

Documents and Trademarks: Please record the attached original documents or copy thereof.

1. Name of conveying party(ies).

Encoal Corporation; EnerZ Corporation;
Zeigler Coal Holding Company

- Individual(s)
- Association
- General Partnership
- Limited Partnership
- Corporation-State
- Other

Additional name(s) of conveying party(ies) attached? Yes No

2. Name and address of receiving party(ies):

Name: UBS AG, Stamford Branch

Internal Address: _____

Street Address: 677 Washington Blvd.

City: Stamford State: CT ZIP: 06912

- Individual(s) citizenship _____
- Association _____
- General Partnership _____
- Limited Partnership _____
- Corporation-State _____
- Other Bank

If assignee is not domiciled in the United States, a domestic representative designation is attached: Yes No
(Designations must be a separate document from Assignment)
Additional name(s) & address(es) attached? Yes No

3. Nature of conveyance:

- Assignment
- Merger
- Security Agreement
- Change of Name
- Other

Execution Date: 9/2/98

4. Application number(s) or registration number(s):

A. Trademark Application No.(s)

See Schedule IV attached hereto.

B. Trademark registration No.(s)

See Schedule IV attached hereto.

Additional numbers attached? Yes No

5. Name and address of party to whom correspondence concerning document should be mailed:

Name: _____

Internal Address: _____

Return To 82855

National Corporate Research, LTD.
225 W. 34th St., Suite 910
New York, N.Y. 10122

Street: (800) 221-0102 (212) 947-7200

City: _____ State: _____ ZIP: _____

6. Total number of applications and registrations involved: 6

7. Total fee (37 CFR 3.41): \$ 165⁰⁰

- Enclosed
- Authorized to be charged to deposit account

8. Deposit account number: _____

(Attach duplicate copy of this page if paying by deposit account)

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9. Statement and signature.

To the best of my knowledge and belief, the foregoing information is true and correct and any attached copy is a true copy of the original document.

Maureen P. Murphy
Name of Person Signing

Maureen P. Murphy
Signature

10/8/98
Date

Total number of pages comprising cover sheet: 195

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TRADEMARK

REEL: 1803 FRAME: 0734

SCHEDULE IV

Trademarks

OWNER: ENCOAL CORPORATION

<u>Registration Number</u>	<u>Issue Date</u>	<u>Country</u>	<u>Description</u>
1995442	08/20/96	U.S.	ENCOAL
2071102	06/17/97	U.S.	ENCOAL

SCHEDULE IV (Cont.)

Trademarks

OWNER: ENERZ CORPORATION

<u>Registration Number</u>	<u>Issue Date</u>	<u>Country</u>	<u>Description</u>
Pending	(app. #230611) 01/24/97	U.S.	ENERZ

SCHEDULE IV (Cont.)

Trademarks

OWNER: ZEIGLER COAL HOLDING COMPANY

<u>Registration Number</u>	<u>Issue Date</u>	<u>Country</u>	<u>Description</u>
Pending	(app. #287080) 05/06/97	U.S.	MINETENANCE
1813346	12/28/93	U.S.	ZEIGLER
1838208	05/31/94	U.S.	ZEIGLER

AEI RESOURCES, INC.
as Borrower

and

THE PLEDGORS PARTY HERETO

SECURITY AGREEMENT

Dated as of September 2, 1998

UBS AG, STAMFORD BRANCH,
as Administrative Agent

Table of Contents

	<u>Page</u>
Section 1. Pledge.....	2
Section 2. Secured Obligations.....	13
Section 3. No Release.....	14
Section 4. Perfection; Supplements; Further Assurances; Use of Pledged Collateral	14
(a) Delivery of Certificated Securities Collateral	14
(b) Perfection of Uncertificated Securities Collateral	15
(c) Financing Statements and Other Filings	15
(d) Perfection in Financial Accounts	16
(e) Motor Vehicles	16
(f) Supplements; Further Assurances	16
(g) Use and Pledge of Pledged Collateral	17
Section 5. Representations, Warranties and Covenants	17
(a) Perfection Actions; Prior Liens	17
(b) No Liens	18
(c) Other Financing Statements	19
(d) Chief Executive Office; Inventory, Equipment and Records	19
(e) Due Authorization and Issuance	20
(f) No Violations, etc	20
(g) No Options, Warrants, etc	20
(h) No Claims	21
(i) Authorization, Enforceability	21
(j) No Conflicts, Consents, etc	21
(k) Pledged Collateral	23
(l) Insurance	23
(m) Credit Agreement	23
(n) Payment of Taxes; Compliance with Laws; Claims	24
(o) Access to Books and Records	25
Section 6. Special Provisions Concerning General Collateral	25
(a) Special Representations and Warranties	25

(b) Maintenance of Records	26
(c) Legend	26
(d) Modification of Terms, etc	27
(e) Collection	27
(f) Instruments	27
(g) Cash Collateral	28
(h) Maintenance of Equipment	28
(i) Warehouse Receipts Non-Negotiable	28
(j) Consents to Assignment of Contracts	28
(k) Fair Labor Standards Act	29

Section 7. Special Provisions Concerning
 Securities Collateral 29

(a) Pledge of Additional Securities	29
(b) Voting Rights; Distributions; etc	29
(c) No New Securities	31
(d) Operative Agreements	31
(e) Defaults, etc	32

Section 8. Special Provisions Concerning
 Intellectual Property Collateral 32

(a) Grant of License	32
(b) Registrations	33
(c) No Violations or Proceedings	33
(d) Protection of Administrative Agent's Security	33
(e) After-Acquired Property	34
(f) Modifications	35
(g) Applications	35
(h) Litigation	35

Section 9. Special Provisions Concerning
 Financial Accounts 37

(a) Financial Accounts	37
(b) Concentration Account	38
(c) Dispositions from Concentration Account	38
(e) Deposits to Collateral Account	39
(f) Application of Amounts in Collateral Account	39
(g) Investment of Balance in Collateral Account	40
(h) Cover for Letter of Credit Liabilities	40

Section 10. Transfers and Other Liens..... 41

Section 11. Reasonable Care..... 41

Section 12.	Remedies upon Default; Obtaining the Pledged Collateral upon Event of Default	42
Section 13.	Application of Proceeds.....	47
Section 14.	Expenses.....	48
Section 15.	No Waiver; Cumulative Remedies.....	48
Section 16.	Administrative Agent.....	49
Section 17.	Administrative Agent May Perform; Administrative Agent Appointed Attorney-in-Fact	49
Section 18.	Indemnity.....	50
	(a) Indemnity.....	50
	(b) Survival.....	51
	(c) Reimbursement.....	51
Section 19.	Modification in Writing.....	51
Section 20.	Termination; Release.....	51
Section 21.	Notices.....	52
Section 22.	Continuing Security Interest; Assignment	52
Section 23.	GOVERNING LAW; TERMS.....	53
Section 24.	CONSENT TO JURISDICTION AND SERVICE OF PROCESS; WAIVER OF JURY TRIAL	53
Section 25.	Severability of Provisions.....	54
Section 26.	Execution in Counterparts.....	54
Section 27.	Headings.....	54
Section 28.	Obligations Absolute.....	54
Section 29.	Administrative Agent's Right to Sever Indebtedness	55
Section 30.	Future Advances.....	57

SCHEDULE I-A Initial Pledged Shares
SCHEDULE I-B Initial Pledged Interests
SCHEDULE II Initial Intercompany Notes
SCHEDULE III Initial Patents
SCHEDULE IV Initial Trademarks
SCHEDULE V Initial Copyrights
SCHEDULE VI Initial Licenses
SCHEDULE VII Initial Financial Accounts

ANNEX A Financing Statements and Other Necessary Filings
ANNEX B Prior Liens
ANNEX C Locations of Pledgors

EXHIBIT 1 Form of Issuer Acknowledgment
EXHIBIT 2 Form of Financial Account Consent Agreement
EXHIBIT 3 Form of Securities Pledge Amendment
EXHIBIT 4 Form of Joinder Agreement

PLEDGE AMENDMENT

Pledged Securities
Pledged Securities
Intercompany Notes
Intercompany Notes

SECURITY AGREEMENT

SECURITY AGREEMENT ("Agreement"), dated as of September 2, 1998, made by AEI RESOURCES, INC., a Delaware corporation having an office at 1500 North Big Run Road, Ashland, Kentucky 41102 (the "Borrower"), and EACH OF THE GUARANTORS LISTED ON THE SIGNATURE PAGES HERETO OR FROM TIME TO TIME PARTY HERETO BY EXECUTION OF A JOINDER AGREEMENT (collectively, the "Guarantors"), as pledgors, assignors and debtors (the Borrower, together with the Guarantors, in such capacities and together with any successors in such capacities, the "Pledgors", and each, a "Pledgor"), in favor of UBS AG, STAMFORD BRANCH, having an office at 677 Washington Boulevard, Stamford, Connecticut 06912, in its capacity as administrative agent for the lending institutions (the "Lenders") from time to time party to the Credit Agreement (as hereinafter defined), as pledgee, assignee and secured party (in such capacities and together with any successors in such capacities, the "Administrative Agent").

R E C I T A L S :

A. Pursuant to a certain credit agreement, dated as of September 2, 1998 (as amended, amended and restated, supplemented or otherwise modified from time to time, the "Credit Agreement"; capitalized terms used herein and not defined shall have the meanings assigned to them in the Credit Agreement), among the Borrower, the Guarantors, Warburg Dillon Read LLC, as arranger and syndication agent (in such capacities and together with any successors in such capacities, the "Arranger"; together with the Administrative Agent, the "Agents"), the Lenders have agreed (i) to make to or for the account of Borrower certain Term Loans up to an aggregate principal amount of \$400,000,000 and certain Revolving Credit Loans up to an aggregate principal amount of \$350,000,000 and (ii) to issue certain Letters of Credit for the account of Borrower.

B. It is contemplated that one or more of the Pledgors may enter into one or more agreements with one or more of the Lenders or their respective Affiliates (collectively, "Swap Contracts") fixing the interest rates with respect to Loans under the Credit Agreement (all obligations of the Pledgors now existing or hereafter arising under such Swap Contracts, collectively, the "Swap Obligations").

C. Each Pledgor is or will be the legal and/or beneficial owner of the Pledged Collateral (as hereinafter defined) to be pledged by it hereunder.

D. It is a condition to the obligations of the Lenders to make the Loans under the Credit Agreement and a condition to any Lender issuing Letters of Credit under the Credit Agreement or entering into the Swap Contracts that each Pledgor execute and deliver the applicable Credit Documents, including this Agreement.

E. This Agreement is given by each Pledgor in favor of the Administrative Agent for its benefit and the benefit of the Agents and the Lenders (collectively, the "Secured Parties") to secure the payment and performance of all of the Secured Obligations (as defined in Section 2).

A G R E E M E N T :

NOW, THEREFORE, in consideration of the foregoing premises and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the Pledgors and the Administrative Agent hereby agree as follows:

Section 1. Pledge. As collateral security for the payment and performance when due of all the Secured Obligations, each Pledgor hereby pledges, assigns, transfers and grants to the Administrative Agent for its benefit and the benefit of the Secured Parties, a continuing first priority security interest in and to and pledge of all of the right, title and interest of such Pledgor in, to and under the following property, wherever located, whether now existing or hereafter arising or acquired from time to time (collectively, the "Pledged Collateral"):

(a) all "accounts", as such term is defined in the Uniform Commercial Code as in effect from time to time in any applicable jurisdiction (the "UCC"), and in any event including, without limitation, all of such Pledgor's rights to any and all (i) accounts, accounts receivable, margin accounts, futures positions, book debts, instruments, documents, contracts, contract rights, choses in action, notes, drafts, acceptances, chattel paper and other forms of obligations and receivables now or hereafter owned or held by or payable to such Pledgor relating in any way to or arising from the sale or lease of goods or the rendering of services by such Pledgor or any other party, including the right to payment of any

interest or finance charge with respect thereto, together with all merchandise represented by any of the accounts, (ii) all such merchandise that may be reclaimed or repossessed or returned to such Pledgor, (iii) all of such Pledgor's rights as an unpaid vendor, including stoppage in transit, reclamation, replevin and sequestration, (iv) all assets pledged, assigned, hypothecated or granted to, and all letters of credit, guarantee claims, Liens, and security interests held by, Pledgor to secure payment of any accounts and which are delivered for or on behalf of any account debtor, (v) all accessions to all of the foregoing described properties and interests in properties, (vi) all powers of attorney for the execution of any evidence of indebtedness or security or other writing in connection with the foregoing, (vii) all evidences of the filing of financing statements and other statements and the registration of other instruments in connection therewith and amendments thereto, notices to other creditors or secured parties and certificates from filing or other registration offices, (viii) all guarantees, endorsements and indemnifications on, or of, any of the foregoing, (ix) all customer lists and invoices and (x) all general intangibles arising out of such Pledgor's rights in any goods, the sale of which give rise to any of the foregoing (collectively, the "Receivables");

(b) all "inventory", as such term is defined in the UCC, of such Pledgor wherever located and of every class, kind and description and, in any event including, without limitation, (i) all goods, merchandise, raw materials, work-in-process, returned goods, finished goods, samples and consigned goods (to the extent of the consignee's interest therein), materials and supplies of any kind or nature which are or might be used in connection with the manufacture, printing, publication, packing, shipping, advertising, selling or finishing of any such goods and all other products, goods, materials and supplies, (ii) all inventory as is temporarily out of such Pledgor's custody or possession, items in transit and any returns and repossessions upon any Receivables and (iii) all substitutions therefor or replacements thereof, and all additions and accessions thereto (collectively, the "Inventory");

(c) any and all sale, service, performance and equipment or property lease contracts, agreements and grants (whether written or oral, or third party or inter-company), and any other document (whether written or oral,) between such Pledgor and third parties, and all as-

signments, amendments, restatements, supplements, extensions, renewals, replacements or modifications thereof, including, without limitation, (i) that certain agreement and plan of merger dated August 3, 1998 by and among AEI Resources, Inc., Zeigler Acquisition Corporation and Zeigler Coal Holding Company, and all other documents, agreements and other instruments then or at any time thereafter executed and/or delivered in connection therewith or related thereto, (ii) that certain stock purchase and sale agreement dated as of May 28, 1998 by and between Cyprus Amax Coal Company and AEI Holding Company, Inc., and all other documents, agreements and other instruments then or at any time thereafter executed and/or delivered in connection therewith or related thereto, (iii) all documents, agreements and other instruments now or at any time hereafter executed and/or delivered in connection with or relating to the acquisition by any Pledgor of those certain assets of Addington Enterprises, Inc. ("Enterprises") acquired by Enterprises pursuant to that certain assets purchase agreement dated as of May 5, 1998, by and among Enterprises, as purchaser, Great Western Coal (Kentucky) Inc., d/b/a Crockett Collieries (Kentucky) Inc. and Harley Land Company, as sellers, and New Horizons Holding, Inc. and Yukon Coal Company, as certain additional parties thereto, (iv) all documents, agreements and other instruments relating to the acquisition by AEI Holding Company, Inc. (or its designee) from the shareholders of Mid-Vol Leasing, Inc., Mega Minerals, Inc., and/or Premium Processing, Inc. (collectively, the "Mid-Vol Companies") of all of the stock of the Mid-Vol Companies as described by that certain letter agreement dated March 25, 1998 between such parties, and all other documents, agreements and other instruments then or at any time thereafter executed and/or delivered in connection therewith or related thereto, (v) all documents, agreements and other instruments now or at any time hereafter executed and/or delivered in connection with or relating to the acquisition by any Pledgor of all of the capital stock of Kindill Holding Company, Inc. and any Affiliates thereof and (vi) that certain assets purchase agreement dated as of July 24, 1998 between CC Coal Company and Battle Ridge Companies, and all other documents, agreements and other instruments then or at any time thereafter executed and/or delivered in connection therewith or related thereto (the documents described in clauses (i)-(vi) of this definition, collectively, the "Acquisition Documents") (collectively, the "Contracts", and each, a "Contract"); provided, however, that Contracts shall not include any contract, agreement,

grant, or other document to the extent that such Pledgor is expressly prohibited from granting a Lien thereon or applicable law provides for the involuntary forfeiture thereof in the event that a Lien is granted thereon without the consent of the appropriate Person or Governmental Authority (as hereinafter defined); provided, further, that in the event of the termination or elimination of any prohibition or requirement for any consent contained in any law, rule, regulation, contract, agreement, grant or other document, or upon the granting of any consent, the contract, agreement, grant or other document so excluded from the definition of Contracts by virtue of the immediately preceding proviso shall (without any act or delivery by any Person) constitute a Contract hereunder;

(d) all "equipment", as such term is defined in the UCC, and, in any event including, without limitation, all machinery, apparatus, equipment, office machinery, electronic data-processing equipment, computers and computer hardware and software (whether owned or licensed), furniture, conveyors, tools, materials, storage and handling equipment, automotive equipment, motor vehicles, tractors, trailers and other like property, whether or not the title thereto is governed by a certificate of title or ownership, and all other equipment of every kind and nature owned by such Pledgor or in which such Pledgor may have any interest (to the extent of such interest) including, without limitation, (i) all such items used or useful in connection with mining coal or other minerals or in connection with the (1) exploration for and evaluation of deposits of coal and other minerals; (2) development, operation, shutdown, and closure (temporary or permanent) of a mine (whether an underground or a surface mine); (3) handling, processing, refining and beneficiation of coal or other minerals, including, without limitation, crushing, screening, non-screen classifying, grinding, flotation, washing, gravity separation, magnetic separation, chemical leaching, thickening, filtration, drying, calcining; (4) storage of coal or other minerals; (5) transportation of coal or other minerals by any means, including, without limitation, haulage within a mine and from a mine to a mill or to any other handling, processing, beneficiation, storage, or marketing location, haulage between any of the foregoing locations, haulage of mine waste (including, without limitation, waste rock and overburden) and tailings, slag, and other wastes resulting from handling, processing, and beneficiation, and loading in connection with any haulage; (6) marketing, and readying for market,

coal or other minerals; (7) disposal (temporary or permanent) of mine waste (including, without limitation, waste rock and overburden) and tailings, slag, and other wastes from handling, processing, and beneficiation; (8) monitoring, maintaining, restoring, and improving environmental quality, including, without limitation, elimination, treatment, and mitigation of air and water pollution; and (9) reclamation of lands and other natural resources affected by any of the foregoing activities, and (ii) all modifications, renewals, improvements, alterations, repairs, substitutions, attachments, additions, accessions and other property now or hereafter affixed thereto or used in connection therewith, all replacements and all parts therefor and together with all substitutes for any of the foregoing (collectively, the "Equipment");

(e) all "general intangibles", as such term is defined in the UCC, and, in any event including, without limitation, (i) all of such Pledgor's rights, title and interest in, to and under all Contracts including, without limitation, (x) all rights and remedies relating to monetary damages, including indemnification rights and remedies, and claims for damages or other relief pursuant to or in respect of the Acquisition Documents, (y) all rights and remedies relating to monetary damages, including indemnification rights and remedies, and claims for monetary damages under or in respect of the agreements, documents and instruments referred to in the Acquisition Documents or related thereto and (z) all proceeds, collections, recoveries and rights of subrogation with respect to the foregoing, (ii) all manuals, blueprints, know-how, warranties and records in connection with the Equipment; (iii) any and all other rights, claims, choses-in-action and causes of action of such Pledgor against any other Person and the benefits of any and all collateral or other security given by any other Person in connection therewith; (iv) all lists, books, records, ledgers, print-outs, files (whether in printed form or stored electronically), tapes and other papers or materials containing information relating to any of the Pledged Collateral including, without limitation, all customer lists, identification of suppliers, data, plans, blueprints, specification designs, drawings, recorded knowledge, surveys, engineering reports, test reports, manuals, standards, processing standards, performance standards, catalogs, research data, computer and automatic machinery software and programs and the like pertaining to operations by such Pledgor or the Pledged Collateral, field repair data, sales data and

other information relating to sales of products now or hereafter manufactured, distributed or franchised by such Pledgor, accounting information pertaining to such Pledgor's operations or any of the Pledged Collateral and all media in which or on which any of the information or knowledge or data or records relating to such operations or any of the Pledged Collateral may be recorded or stored and all computer programs used for the compilation or printout of such information, knowledge, records or data; (v) all licenses, consents, permits, variances, certifications and approvals of any federal, state, local, foreign or other governmental or administrative (including self-regulatory) body, instrumentality, department or agency or any court, tribunal, administrative hearing body, arbitration panel, commission or other similar dispute-resolving body including, without limitation, those governing the regulation and protection of the environment (each, a "Governmental Authority") (or any Person acting on behalf of a Governmental Authority) now or hereafter held by such Pledgor pertaining to operations now or hereafter conducted by such Pledgor or any Pledged Collateral now or hereafter held by such Pledgor; (vi) all rights to refund or indemnification to the extent the foregoing relate to any Pledged Collateral and income tax refunds to the extent relating to any Pledged Collateral, claims for tax or other refunds against any city, county or state or federal government, or any agency or authority or other subdivision thereof relating to any Pledged Collateral (collectively, the "Intangibles");

(f) all insurance policies held by such Pledgor or naming such Pledgor as insured, additional insured or loss payee (including, without limitation, casualty insurance, liability insurance, property insurance and business interruption insurance), all such insurance policies entered into after the date hereof other than insurance policies (or certificates of insurance evidencing such insurance policies) relating to health and welfare insurance and life insurance policies in which such Pledgor is not named as beneficiary (*i.e.*, insurance policies that are not "Key Man" insurance policies) and all rights, claims and recoveries relating thereto (including all dividends, returned premiums and other rights to receive money in respect of any of the foregoing) (collectively, the "Insurance Policies");

(g) such Pledgor's right to receive the surplus funds, if any, which are payable to such Pledgor following

the termination of any employee pension plan and the satisfaction of all liabilities of participants and beneficiaries under such plan in accordance with applicable law (collectively, the "Pension Plan Reversions");

(h) the issued and outstanding shares of capital stock of each Person described in Schedule I-A annexed hereto and each other corporation hereafter acquired or formed by such Pledgor (which are and shall remain at all times until this Agreement terminates, certificated shares), including the certificates representing the Pledged Shares and any interest of such Pledgor in the entries on the books of any financial intermediary pertaining to the Pledged Shares and all Additional Shares (as hereinafter defined) (collectively, the "Pledged Shares"); provided, however, that such Pledgor shall not be required to pledge shares possessing more than 65% of the voting power of all classes of capital stock entitled to vote of any Subsidiary which is a controlled foreign corporation (as defined in Section 957(a) of the Internal Revenue Code of 1986, as amended from time to time (the "Tax Code")) and, in any event, shall not be required to pledge the shares of stock of any Subsidiary otherwise required to be pledged pursuant to this Section 1(h) to the extent that such pledge would constitute an investment of earnings in United States property under Section 956 (or a successor provision) of the Code, which investment would trigger an increase in the gross income of a United States shareholder of such Pledgor pursuant to Section 951 (or a successor provision) of the Tax Code;

(i) all additional shares of capital stock of whatever class of any issuer of the Pledged Shares from time to time acquired by such Pledgor in any manner (which are and shall remain at all times until this Agreement terminates, certificated shares), including the certificates representing such additional shares and any interest of such Pledgor in the entries on the books of any financial intermediary pertaining to such additional shares (collectively, the "Additional Shares");

(j) all membership interests and/or partnership interests, as applicable, of each Person described in Schedule I-B annexed hereto and each other limited liability company or partnership hereafter acquired or formed by such Pledgor, together with all rights, privileges, authority and powers of such Pledgor in and to each such Person or under the membership or partnership agreement of

each such Person (the "Operative Agreements"), and the certificates, instruments and agreements, if any, representing such membership or partnership interests (collectively, the "Initial Pledged Interests");

(k) all options, warrants, rights, agreements, additional membership or partnership interests or other interests relating to each such Person described in clause (j) above or any interest in any such Person, including, without limitation, any right relating to the equity or membership or partnership interests in any such Person or under the Operative Agreement of any such Person, from time to time acquired by such Pledgor in any manner and the certificates, instruments and agreements, if any, representing such additional interests (collectively, the "Additional Interests"; together with the Initial Pledged Interests, the "Pledged Interests"; the Pledged Interests, together with the Pledged Shares and the items or types of Pledged Collateral described in subsection (l)(n) of this Agreement, collectively, the "Pledged Securities");

(l) all intercompany notes described in Schedule II annexed hereto (and each other intercompany note hereafter acquired by such Pledgor) and all certificates or instruments evidencing such intercompany notes and all proceeds thereof, all accessions thereto and substitutions therefor (collectively, the "Intercompany Notes");

(m) all dividends, cash, options, warrants, rights, instruments, distributions, returns of capital or principal, income, interest, profits and other property, interests (debt or equity) or proceeds, including as a result of a split, revision, reclassification or other like change of the Pledged Securities, from time to time received, receivable or otherwise distributed to such Pledgor in respect of or in exchange for any or all of the Pledged Securities or Intercompany Notes (collectively, "Distributions");

(n) without affecting the obligations of such Pledgor under any provision prohibiting such action hereunder or under the Credit Agreement, in the event of any consolidation or merger in which any Person listed in Schedule I-A or Schedule I-B annexed hereto is not the surviving entity, all shares of each class of the capital stock of the successor corporation or interests or certificates of the successor limited liability company or partnership owned by such Pledgor (unless such successor

is such Pledgor itself) formed by or resulting from such consolidation or merger;

(o) all patents issued or assigned to and all patent applications and registrations made by such Pledgor, including, without limitation, the patents, patent applications, registrations and recordings listed in Schedule III annexed hereto, together with any and all (i) rights and privileges arising under applicable law with respect to such Pledgor's use of any patents, (ii) inventions and improvements described and claimed therein, (iii) reissues, divisions, continuations, renewals, extensions and continuations-in-part thereof, (iv) income, fees, royalties, damages, claims and payments now and hereafter due and/or payable thereunder and with respect thereto, including, without limitation, damages and payments for past, present or future infringements thereof, (v) rights corresponding thereto throughout the world, and (vi) rights to sue for past, present and future infringements thereof (collectively, the "Patents");

(p) all trademarks (including service marks), logos, federal and state trademark registrations and applications made by such Pledgor, common law trademarks and trade names owned by or assigned to such Pledgor and all registrations and applications for the foregoing, including, without limitation, the registrations and applications listed in Schedule IV annexed hereto, together with any and all (i) rights and privileges arising under applicable law with respect to such Pledgor's use of any trademarks, (ii) reissues, continuations, extensions and renewals thereof, (iii) income, fees, royalties, damages and payments now and hereafter due and/or payable thereunder and with respect thereto, including, without limitation, damages, claims and payments for past, present or future infringements thereof, (iv) rights corresponding thereto throughout the world and (v) rights to sue for past, present and future infringements thereof (collectively, the "Trademarks");

(q) all copyrights (whether statutory or common law) owned by or assigned to such Pledgor, including, without limitation, the copyrights, registrations and applications listed in Schedule V annexed hereto, together with any and all (i) rights and privileges arising under applicable law with respect to such Pledgor's use of any copyrights, (ii) reissues, renewals, continuations and extensions thereof, (iii) income, fees, royalties, damages, claims

and payments now and hereafter due and/or payable with respect thereto, including, without limitation, damages and payments for past, present or future infringements thereof, (iv) rights corresponding thereto throughout the world and (v) rights to sue for past, present and future infringements thereof (collectively, the "Copyrights");

(r) all license and distribution agreements and covenants not to sue with any other party with respect to any Patent, Trademark, or Copyright, whether such Pledgor is a licensor or licensee, distributor or distributee under any such license or distribution agreement including, without limitation, the license and distribution agreements listed in Schedule VI annexed hereto, along with any and all (i) renewals, extensions, supplements and continuations thereof, (ii) income, fees, royalties, damages, claims and payments now and hereafter due and/or payable thereunder and with respect thereto, including, without limitation, damages and payments for past, present or future infringements or violations thereof, (iii) rights to sue for past, present and future infringements or violations thereof and (iv) any other rights to use, exploit or practice any or all of the Patents, Trademarks or Copyrights (collectively, the "Licenses");

(s) the entire goodwill connected with such Pledgor's business including, without limitation, (i) all goodwill connected with the use of and symbolized by any of the Intellectual Property Collateral (as hereinafter defined) in which such Pledgor has any interest, (ii) all know-how, trade secrets, customer lists, proprietary information, inventions, methods, procedures, formulae, descriptions, name plates, catalogs, confidential information, consulting agreements, engineering contracts and such other assets which relate to such goodwill and (iii) all product lines of such Pledgor's business (collectively, the "Goodwill");

(t) all financial accounts and all investment property (as defined in the UCC) of such Pledgor, including, without limitation, (i) the financial accounts maintained with the financial institutions (each such financial institution, or any financial institution which shall satisfy the conditions set forth in subsection 9(b) of this Agreement, a "Financial Intermediary") identified in Schedule VII annexed hereto, (ii) all moneys, financial assets (as defined in the UCC), checks, drafts, securities and instruments deposited or required to be deposited in

such accounts, (iii) all investments and all certificates and instruments, if any, from time to time representing or evidencing any other property from time to time received, receivable or otherwise distributed in respect of or in exchange for any or all of the foregoing items listed under subclauses (i) and (ii), and (iv) each consent or other agreement from time to time entered into by such Pledgor with any financial institution at which any of the financial accounts is maintained and all rights of such Pledgor under each such consent or agreement;

(u) all "documents", as such term is defined in the UCC, including, without limitation, all receipts of such Pledgor covering, evidencing or representing Inventory or Equipment (collectively, the "Documents");

(v) all "instruments", as such term is defined in the UCC, including, without limitation, all promissory notes, drafts, bills of exchange or acceptances (collectively, the "Instruments"); and

(w) any and all other property or assets of such Pledgor whether tangible or intangible, fixed or liquid;

(x) all "proceeds", as such term is defined in the UCC or under other relevant law, and in any event including, without limitation, any and all (i) proceeds of any insurance (except payments made to a Person which is not a party to this Agreement), indemnity, warranty, guaranty or claim payable to the Administrative Agent or to such Pledgor from time to time with respect to any of the Pledged Collateral, (ii) payments (in any form whatsoever) made or due and payable to such Pledgor from time to time in connection with any requisition, confiscation, condemnation, seizure or forfeiture of all or any part of the Pledged Collateral by any Governmental Authority (or any Person acting on behalf of a Governmental Authority), (iii) instruments representing obligations to pay amounts in respect of the Pledged Collateral, (iv) products of the Pledged Collateral and (v) other amounts from time to time paid or payable under or in connection with any of the Pledged Collateral (collectively, the "Proceeds").

The Pledged Securities, the Intercompany Notes, the Distributions and the Proceeds relating thereto are collectively referred to as the "Securities Collateral". The Patents, Trademarks, Copyrights, Licenses, Goodwill and the Proceeds relating thereto are collectively referred to as the

"Intellectual Property Collateral". The property described in clause (t) above and the Proceeds relating thereto are collectively referred to as the "Financial Account Collateral". The Pledged Collateral other than the Securities Collateral, the Intellectual Property Collateral and the Financial Account Collateral is collectively referred to as the "General Collateral".

Section 2. Secured Obligations. This Agreement secures, and the Pledged Collateral is collateral security for, the payment and performance in full when due, whether at stated maturity, by acceleration or otherwise (including, without limitation, the payment of interest and other amounts which would accrue and become due but for the filing of a petition in bankruptcy or the operation of the automatic stay under Section 362(a) of the Bankruptcy Code, 11 U.S.C. § 362(a)), of (i) all Obligations of the Borrower now existing or hereafter arising under or in respect of the Credit Agreement and all Swap Obligations of the Borrower now existing or hereafter arising under or in respect of any Swap Contract (including, without limitation, the obligations of the Borrower to pay principal, interest and all other charges, fees, expenses, commissions, reimbursements, premiums, indemnities and other payments related to or in respect of the Obligations contained in the Credit Agreement and the obligations contained in any Swap Contract), (ii) all obligations of the Guarantors now existing or hereafter arising under or in respect of the Credit Agreement and all Swap Obligations of the Guarantors now existing or hereafter arising under or in respect of any Swap Contract (including, without limitation, the obligations of each Guarantor to pay principal, interest and all other charges, fees, expenses, commissions, reimbursements, premiums, indemnities and other payments related to or in respect of the Obligations contained in the Credit Agreement and the Obligations contained in any Swap Contract) and (iii) without duplication of the amounts described in clauses (i) and (ii), all Obligations of the Pledgors now existing or hereafter arising under or in respect of this Agreement or any other Security Document (including, without limitation, all charges, fees, expenses, commissions, reimbursements, premiums, indemnities and other payments related to or in respect of the Obligations contained in this Agreement or in any other Security Document), in each case whether in the regular course of business or otherwise (the obligations described in clauses (i), (ii) and (iii) of this Section 2, collectively, the "Secured Obligations").

Section 3. No Release. Nothing set forth in this Agreement shall relieve any Pledgor from the performance of any

term, covenant, condition or agreement on such Pledgor's part to be performed or observed under or in respect of any of the Pledged Collateral or from any liability to any Person under or in respect of any of the Pledged Collateral or shall impose any obligation on the Administrative Agent or any other Secured Party to perform or observe any such term, covenant, condition or agreement on such Pledgor's part to be so performed or observed or shall impose any liability on the Administrative Agent or any other Secured Party for any act or omission on the part of such Pledgor relating thereto or for any breach of any representation or warranty on the part of such Pledgor contained in this Agreement, any Swap Contract or any other Credit Document, or under or in respect of the Pledged Collateral or made in connection herewith or therewith. The obligations of each Pledgor contained in this Section 3 shall survive the termination of this Agreement and the discharge of such Pledgor's other obligations under this Agreement, any Swap Contract and the other Credit Documents.

Section 4. Perfection; Supplements; Further Assurances; Use of Pledged Collateral.

(a) Delivery of Certificated Securities Collateral.

All certificates, agreements or instruments representing or evidencing the Securities Collateral, to the extent not previously delivered to the Administrative Agent, shall immediately upon receipt thereof by any Pledgor be delivered to and held by or on behalf of the Administrative Agent pursuant hereto. All certificated Securities Collateral shall be in suitable form for transfer by delivery or shall be accompanied by duly executed instruments of transfer or assignment in blank, all in form and substance satisfactory to the Administrative Agent. The Administrative Agent shall have the right, at any time upon the occurrence and during the continuance of any Event of Default, to endorse, assign or otherwise transfer to or to register in the name of the Administrative Agent or any of its nominees or endorse for negotiation any or all of the Securities Collateral, without any indication that such Securities Collateral is subject to the security interest hereunder. In addition, the Administrative Agent shall have the right at any time to exchange certificates representing or evidencing Securities Collateral for certificates of smaller or larger denominations.

(b) Perfection of Uncertificated Securities Collateral. If any issuer of Pledged Securities is organized in a jurisdiction which does not permit the use of certificates to evidence equity ownership, or if any of the Pledged Securities are at any time not evidenced by certificates of ownership,

then each applicable Pledgor shall, to the extent permitted by applicable law (and with respect to G-S Lignite Partnership, TEK-KOL Partnership and Louisiana Generating, LLC, to the extent not prohibited by restrictions existing as of the date hereof contained in the partnership or other similar agreements of such entities), record such pledge on the equityholder register or the books of the issuer, cause the issuer to execute and deliver to the Administrative Agent an acknowledgment of the pledge of such Pledged Securities substantially in the form of Exhibit 1 annexed hereto, execute any customary pledge forms or other documents necessary or appropriate to complete the pledge and give the Administrative Agent the right to transfer such Pledged Securities under the terms hereof and provide to the Administrative Agent an opinion of counsel, in form and substance satisfactory to the Administrative Agent, confirming such pledge.

(c) Financing Statements and Other Filings. The only filings, registrations and recordings necessary and appropriate to create, preserve, protect and perfect the security interest granted by each Pledgor to the Administrative Agent pursuant to this Agreement in respect of the Pledged Collateral are listed in Annex A annexed hereto. All such filings, registrations and recordings have been filed, registered and recorded contemporaneously with the execution of the Credit Documents or shall be filed, registered and recorded within three (3) Business Days hereof. Each Pledgor agrees that at any time and from time to time, it will execute and, at the sole cost and expense of the Pledgors file and refile, or permit the Administrative Agent to file and refile, such financing statements, continuation statements and other documents (including, without limitation, this Agreement), in form acceptable to the Administrative Agent, in such offices (including, without limitation, the United States Patent and Trademark Office and the United States Copyright Office) as the Administrative Agent may deem necessary or appropriate, wherever required or permitted by law in order to perfect, continue and maintain a valid, enforceable, first priority security interest in the Pledged Collateral as provided herein and to preserve the other rights and interests granted to the Administrative Agent hereunder, as against third parties, with respect to any Pledged Collateral. Each Pledgor authorizes the Administrative Agent to file any such financing or continuation statement or other document without the signature of such Pledgor where permitted by law.

(d) Perfection in Financial Accounts. In addition to any other actions required herein to be taken by any Pledgor, each applicable Pledgor shall cause each Financial In-

termediary to execute and deliver to the Administrative Agent a financial account consent agreement substantially in the form of Exhibit 2 annexed hereto acknowledging the security interest and exclusive dominion and control of the Administrative Agent in all Financial Account Collateral on deposit by such Pledgor with such Financial Intermediary.

(e) Motor Vehicles. At any time after the occurrence and during the continuance of an Event of Default, each Pledgor shall, upon the request of the Administrative Agent, deliver to the Administrative Agent originals of the certificates of title or ownership for the motor vehicles (and any other Equipment covered by certificates of title or ownership owned by it) with the Administrative Agent listed therein as lienholder.

(f) Supplements; Further Assurances. Each Pledgor agrees to do such further acts and things, and to execute and deliver to the Administrative Agent such additional assignments, agreements, supplements, powers and instruments, as the Administrative Agent may deem necessary or appropriate, wherever required or permitted by law, in order to perfect, preserve and protect the security interest in the Pledged Collateral as provided herein and the rights and interests granted to the Administrative Agent hereunder, to carry into effect the purposes of this Agreement or better to assure and confirm unto the Administrative Agent or permit the Administrative Agent to exercise and enforce its respective rights, powers and remedies hereunder with respect to any Pledged Collateral. Without limiting the foregoing, each Pledgor shall make, execute, endorse, acknowledge, file or refile and/or deliver to the Administrative Agent from time to time such lists, descriptions and designations of the Pledged Collateral, copies of warehouse receipts, receipts in the nature of warehouse receipts, bills of lading, documents of title, vouchers, invoices, schedules, confirmatory assignments, supplements, additional security agreements, conveyances, financing statements, transfer endorsements, powers of attorney, certificates, reports and other assurances or instruments. The Administrative Agent may institute and maintain, in its own name or in the name of any Pledgor, such suits and proceedings as the Administrative Agent may be advised by counsel shall be necessary or expedient to prevent any impairment of the security interest in or perfection of the Pledged Collateral. All of the foregoing shall be at the sole cost and expense of the Pledgors.

(g) Use and Pledge of Pledged Collateral. Unless an Event of Default shall have occurred and be continuing, the Administrative Agent shall from time to time execute and deliver,

upon written request of any Pledgor and at the sole cost and expense of the Pledgors, any and all instruments, certificates or other documents, in a form reasonably requested by such Pledgor, necessary or appropriate in the reasonable judgment of such Pledgor to enable such Pledgor to continue to exploit, license, use, enjoy and protect the Pledged Collateral in accordance with the terms of this Agreement. The Pledgors and the Administrative Agent acknowledge that this Agreement is intended to grant to the Administrative Agent for the benefit of the Secured Parties a security interest in and Lien upon the Pledged Collateral and shall not constitute or create a present assignment of any of the Pledged Collateral.

Section 5. Representations, Warranties and Covenants. Each Pledgor represents, warrants and covenants as follows:

(a) Perfection Actions; Prior Liens. Upon the completion of the deliveries, filings and other actions contemplated in subsections 4(a) through 4(d) hereof, the security interest granted to the Administrative Agent for the benefit of the Secured Parties pursuant to this Agreement in and to the Pledged Collateral will constitute a perfected security interest therein, superior and prior to the rights of all other Persons therein other than with respect to (i) the Liens identified on Annex B relating to the items of Pledged Collateral identified on such Annex, (ii) Subordinate Liens (as hereinafter defined) of the type described in clauses (g), (h), (l), (o) and (p) of the definition of Permitted Liens on Pledged Collateral acquired after the date hereof and that attached prior to the Lien granted hereunder or upon the acquisition of such Pledged Collateral (iii) Subordinate Liens of the type described in clauses (b) and (c) of the definition of Permitted Liens which are created or authorized under any law or regulation of any applicable Governmental Authority but only if and to the extent that the law or regulation creating or authorizing such Lien provides that such Lien must be superior to the Lien and security interest created and evidenced hereby (the Liens described in this clause (iii), collectively, "the "Governmental Prior Liens"; together with the Liens described in clauses (i) and (ii) above, "Prior Liens").

(b) No Liens. Such Pledgor is as of the date hereof, and, as to Pledged Collateral acquired by it from time to time after the date hereof, such Pledgor will be, the sole direct and beneficial owner of all Pledged Col-

lateral pledged by it hereunder free from any Lien or other right, title or interest of any Person other than (i) Prior Liens, (ii) the Lien and security interest created by this Agreement and (iii) Subordinate Liens. Pledgor shall defend the Pledged Collateral pledged by it hereunder against all claims and demands of all Persons at any time claiming any interest therein adverse to the Administrative Agent or any other Secured Party. There is no agreement, and no Pledgor shall enter into any agreement or take any other action, that would result in the imposition of any other Lien, restrict the transferability of any of the Pledged Collateral or otherwise impair or conflict with such Pledgors' obligations or the rights of the Administrative Agent hereunder.

"Subordinate Liens" shall mean (A) with respect to the General Collateral, Permitted Liens applicable to such Pledged Collateral (provided, however, that with respect to Liens of the type described in clauses (b) and (c) of the definition of Permitted Liens, such Pledgor shall comply with the provisions of subsection 5(n) of this Agreement) and (B) with respect to all other Pledged Collateral, Liens of the type described in clause (b) of the definition of Permitted Liens (provided, however, that with respect to Liens of the type described in clauses (b) of the definition of Permitted Liens, such Pledgor shall comply with the provisions of subsection 5(n) of this Agreement)).

(c) Other Financing Statements. There is no (nor will be any) valid or effective financing statement (or similar statement or instrument of registration under the law of any jurisdiction) covering or purporting to cover any interest of any kind in the Pledged Collateral other than financing statements relating to (i) Prior Liens that do not constitute Governmental Prior Liens, (ii) this Agreement and (iii) Subordinate Liens that do not constitute Governmental Prior Liens, and so long as any of the Secured Obligations remain unpaid or the Commitments of the Lenders to make any Loan or to issue any Letter of Credit shall not have expired or been sooner terminated, no Pledgor shall execute, authorize or permit to be filed in any public office any financing statement (or similar statement or instrument of registration under the law of any jurisdiction) or statements relating to any Pledged Collateral, except, in each case, financing statements filed or to be filed in respect of and covering the security interests granted by such Pledgor to the Administra-

tive Agent pursuant to this Agreement and financing statements relating to Prior Liens or Subordinate Liens that in each such case do not constitute Governmental Prior Liens.

(d) Chief Executive Office; Inventory, Equipment and Records. The chief executive office of such Pledgor is located at the address indicated next to its name in Annex C annexed hereto. All Inventory and Equipment of such Pledgor are located at the chief executive office or such other location listed in Annex C annexed hereto. Such Pledgor shall not move its chief executive office or move any Inventory or Equipment to any location other than those listed in such Annex C except to such new location as such Pledgor may establish in accordance with the last sentence of this subsection 5(d). All tangible evidence of all Receivables, Pension Plan Reversions, Contracts, Intangibles and Insurance Policies of such Pledgor and the only original books of account and records of such Pledgor relating thereto are, and will continue to be, kept at such chief executive office or such other location listed in Annex C annexed hereto, or at such new location for such chief executive office as such Pledgor may establish in accordance with the last sentence of this subsection 5(d). All Receivables, Pension Plan Reversions, Contracts, Intangibles and Insurance Policies of such Pledgor are, and will continue to be, controlled and monitored (including, without limitation, for general accounting purposes) from such chief executive office location or such other location listed in Annex C annexed hereto, or such new location as such Pledgor may establish in accordance with the last sentence of this subsection 5(d). Such Pledgor shall not establish a new location for its chief executive office, move any Inventory or Equipment to any location other than those listed in Annex C or change its name, identity or structure until (i) it shall have given the Administrative Agent not less than 30 days' prior written notice of its intention so to do, clearly describing such new location or name and providing such other information in connection therewith as the Administrative Agent may request, and (ii) with respect to such new location or name, such Pledgor shall have taken all action satisfactory to the Administrative Agent to maintain the perfection and priority of the security interest of the Administrative Agent for the benefit of the Secured Parties in the Pledged Collateral intended to be granted hereby, including, without limitation, using commercially reasonable efforts to obtain waivers of landlord's or

warehouseman's liens with respect to such new location, if applicable.

(e) Due Authorization and Issuance. All of the Pledged Shares have been, and to the extent hereafter issued will be upon such issuance, duly authorized, validly issued and fully paid and nonassessable. All of the Initial Pledged Interests have been fully paid for, and there is no amount or other obligation owing by any Pledgor to any issuer of the Initial Pledged Interests in exchange for or in connection with the issuance of the Initial Pledged Interests or any Pledgor's status as a partner or a member of any issuer of the Initial Pledged Interests.

(f) No Violations, etc. The pledge of the Pledged Securities pursuant to this Agreement does not violate Regulation G, T, U or X of the Federal Reserve Board.

(g) No Options, Warrants, etc. There are no options, warrants, calls, rights, commitments or agreements of any character to which such Pledgor is a party or by which it is bound obligating such Pledgor to issue, deliver or sell or cause to be issued, delivered or sold, additional Pledged Securities or obligating such Pledgor to grant, extend or enter into any such option, warrant, call, right, commitment or agreement. There are no voting trusts or other agreements or understandings to which such Pledgor is a party with respect to the transfer, voting or exercise of any other right of the equity interests of any issuer of the Pledged Securities other than (i) that certain transit agreement, dated September 9, 1953, as amended from time to time, by and among Ayshire Collieries Corp. ("Ayshire"), Northern Illinois Coal Corp. ("Illinois"), Boonville Collieries Corp. ("Boonville"), Victoria Coal Corp. ("Victoria"), Lynnville Coal Co. ("Lynnville"; together with Ayshire, Illinois, Boonville, Victoria, "Owners") and Yankeetown Dock Corporation and (ii) as exist on the date hereof in the organizational documents of G-S Lignite Partnership, TEK-KOL Partnership, Louisiana Generating, LLC and Algiers Winslow and Western Railway Company.

(h) No Claims. Such Pledgor owns or has rights to use all of the Pledged Collateral pledged by it hereunder and all rights with respect to any of the foregoing used in, necessary for or material to such Pledgor's business as currently conducted and as contemplated to be conducted pursuant to the Credit Documents. The use by such Pledgor

of such Pledged Collateral and all such rights with respect to the foregoing do not infringe on the rights of any Person. No claim has been made and remains outstanding that such Pledgor's use of any Pledged Collateral does or may violate the rights of any third Person that would have a materially adverse effect on the use or value of such Pledged Collateral.

(i) Authorization, Enforceability. Such Pledgor has the requisite organizational power, authority and legal right to pledge and grant a security interest in all the Pledged Collateral pledged by it pursuant to this Agreement, and this Agreement constitutes the legal, valid and binding obligation of such Pledgor, enforceable against such Pledgor in accordance with its terms, except as such enforceability may be limited by bankruptcy, insolvency, reorganization, moratorium or similar laws relating to or limiting creditors' rights generally or by general equitable principles relating to enforceability.

(j) No Conflicts, Consents, etc. Except as set forth in Schedule 8.06 of the Credit Agreement, neither the execution and delivery of this Agreement by each Pledgor nor the consummation of the transactions herein contemplated nor the fulfillment of the terms hereof (i) violates any charter or by-laws or other organizational document of such Pledgor or any issuer of Pledged Securities, (ii) violates the terms of any agreement, indenture, mortgage, deed of trust, equipment lease, instrument or other document to which such Pledgor is a party, or by which it may be bound or to which any of its properties or assets may be subject, which violation or conflict would have a Material Adverse Effect, or a material adverse effect on the value of the Pledged Collateral or an adverse effect on the security interests hereunder, (iii) conflicts with any law, order, rule or regulation applicable to any such Pledgor of any Governmental Authority having jurisdiction over such Pledgor or its property, or (iv) results in or requires the creation or imposition of any Lien (other than the Lien contemplated hereby) upon or with respect to any of the property now owned or hereafter acquired by such Pledgor. No consent of any party (including, without limitation, equityholders or creditors of such Pledgor or any account debtor under a Receivable) and no consent, authorization, approval, license or other action by, and no notice to or filing with, any Governmental Authority or regulatory body or other Person is required for (x) the pledge by such Pledgor of its Property

pursuant to this Agreement or for the execution, delivery or performance of this Agreement by such Pledgor, (y) the exercise by the Administrative Agent of the voting or other rights provided for in this Agreement or (z) the exercise by the Administrative Agent of the remedies in respect of the Pledged Collateral pursuant to this Agreement, in each case other than those consents, authorizations, approvals, licenses, actions, notice and filings described in Schedule 8.06 of the Credit Agreement, all of which have been duly and effectively taken, filed, given or obtained, other than as indicated in such Schedule 8.06. Such Pledgor shall comply with the provisions of Section 9.13 of the Credit Agreement with respect to obtaining, giving, taking or filing such consents, authorizations, approvals, licenses, actions, notices or filings. In the event that the Administrative Agent desires to exercise any remedies, voting or consensual rights or attorney-in-fact powers set forth in this Agreement and determines it necessary to obtain any approvals or consents of any Governmental Authority or any other Person therefor, then, upon the reasonable request of the Administrative Agent, such Pledgor agrees to use its best efforts to assist and aid the Administrative Agent to obtain as soon as practicable any necessary approvals or consents for the exercise of any such remedies, rights and powers.

(k) Pledged Collateral. All information set forth herein, including the schedules and annexes annexed hereto, and all information contained in any documents, schedules and lists heretofore delivered to any Secured Party in connection with this Agreement, in each case, relating to the Pledged Collateral, is accurate and complete in all material respects. The Pledged Collateral described on the schedules annexed hereto constitutes all of the property of such type of Pledged Collateral owned or held by the Pledgors.

(l) Insurance. No Pledgor shall take any action that impairs the rights of the Administrative Agent or any Secured Party in the Pledged Collateral. Each Pledgor shall at all times keep the Inventory and Equipment insured, at such Pledgor's own expense, to the Administrative Agent's satisfaction against fire, theft and all other risks to which the Pledged Collateral may be subject, in such amounts and with such deductibles as would be maintained by a prudent operator of businesses similar to the business of such Pledgor or as the Administrative Agent may otherwise require. Each policy or certificate

with respect to such insurance shall be endorsed to the Administrative Agent's satisfaction for the benefit of the Administrative Agent (including, without limitation, by naming the Administrative Agent as an additional named insured and loss payee as the Administrative Agent may request) and such policy or certificate shall be delivered to the Administrative Agent. Each such policy shall state that it cannot be cancelled without 30 days' prior written notice to the Administrative Agent. At least 30 days prior to the expiration of any such policy of insurance, each Pledgor shall deliver to the Administrative Agent an extension or renewal policy or an insurance certificate evidencing renewal or extension of such policy. If any Pledgor shall fail to insure such Pledged Collateral to the Administrative Agent's satisfaction, the Administrative Agent shall have the right (but shall be under no obligation) to advance funds to procure or renew or extend such insurance, and such Pledgor agrees to reimburse the Administrative Agent for all costs and expenses thereof, with interest on all such funds from the date advanced until paid in full at the highest rate then in effect under the Credit Agreement.

(m) Insurance Proceeds. Any proceeds of insurance received by any Pledgor shall be applied by it as provided in Section 2.10(a) of the Credit Agreement. In the event that any Pledgor is permitted to and elects to apply such proceeds to the repair or replacement of any item of Pledged Collateral, such Pledgor shall upon its receipt of such proceeds from the Administrative Agent promptly commence and diligently continue to perform such repair or promptly effect such replacement. Upon the occurrence and during the continuance of any Event of Default, the Administrative Agent shall have the option to apply any proceeds of insurance received by any Pledgor in respect of the Pledged Collateral toward the payment of the Secured Obligations in accordance with Section 13 hereof or to continue to hold such proceeds as additional collateral to secure the performance by the Pledgors of the Secured Obligations.

(n) Payment of Taxes; Compliance with Laws; Claims. Each Pledgor shall pay prior to the date on which any penalties would attach thereto all property and other taxes, assessments and governmental charges or levies imposed upon, and all claims (including claims for labor, materials, supplies and warehousing) against, the Pledged Collateral. Each Pledgor shall comply with all laws, rules

and regulations applicable to the Pledged Collateral the failure to comply with which would have an adverse effect on the value or use of such Pledged Collateral or the Lien on such Pledged Collateral granted to the Administrative Agent hereunder. Notwithstanding the foregoing, each Pledgor may at its own expense contest the amount or applicability of any of the obligations described in the preceding sentences of this subsection 5(n) by appropriate legal or administrative proceedings, prosecution of which operates to prevent the collection thereof and the sale or forfeiture of the Pledged Collateral or any part thereof to satisfy the same; provided, however, that in connection with such contest, such Pledgor shall (i) have made provision for the payment of such contested amount on such Pledgor's books if and to the extent required by generally accepted accounting principles, and (ii) at the option and upon the request of the Administrative Agent, have deposited with the Administrative Agent a sum sufficient to pay and discharge such obligation and the Administrative Agent's estimate of all interest and penalties related thereto. Notwithstanding the foregoing provisions of this subsection 5(n), (x) no contest of any such obligation may be pursued by such Pledgor if such contest would expose the Administrative Agent or any other Secured Party to (A) any possible criminal liability or (B) unless such Pledgor shall have furnished a bond or, other security therefor satisfactory to the Administrative Agent, any other affected Secured Party, any additional civil liability for failure to comply with such obligation and (y) if at any time payment of any obligation imposed upon such Pledgor by this subsection 5(n) shall become necessary to prevent the imposition of remedies because of non-payment, such Pledgor shall pay the same in sufficient time to prevent the imposition of remedies in respect of such default or prospective default.

(o) Access to Books and Records. Upon reasonable request to such Pledgor, the Administrative Agent shall have full and free access during normal business hours to all of the books, correspondence and records of such Pledgor relating to the Pledged Collateral, and the Administrative Agent and its representatives may examine the same, take extracts therefrom and make photocopies thereof, and such Pledgor agrees to render to the Administrative Agent, at such Pledgor's cost and expense, such clerical and other assistance as may be reasonably requested by the Administrative Agent with regard thereto.

Section 6. Special Provisions Concerning General Collateral.

(a) Special Representations and Warranties. As of the time when each of its Receivables arises, each Pledgor shall be deemed to have represented and warranted that such Receivable and all records, papers and documents relating thereto (i) are genuine and correct and in all material respects what they purport to be, (ii) represent the legal, valid and binding obligation of the account debtor, except as such enforceability may be limited by bankruptcy, insolvency, reorganization, moratorium or similar laws relating to or limiting creditors' rights generally or by equitable principles relating to enforceability, evidencing indebtedness unpaid and owed by such account debtor, arising out of the performance of labor or services or the sale or lease and delivery of the merchandise listed therein or out of an advance or a loan, not subject to the fulfillment of any contract or condition whatsoever or to any defenses, set-offs or counterclaims except with respect to refunds, returns and allowances in the ordinary course of business, or stamp or other taxes, (iii) will, in the case of a Receivable, except for the original or duplicate original invoice sent to a purchaser evidencing such purchaser's account, be the only original writings evidencing and embodying such obligation of the account debtor named therein and (iv) are in compliance and conform with all applicable federal, state and local laws and applicable laws of any relevant foreign jurisdiction.

(b) Maintenance of Records. Each Pledgor shall keep and maintain at its own cost and expense complete records of each Receivable, in a manner consistent with prudent business practice, including, without limitation, records of all payments received, all credits granted thereon, all merchandise returned and all other documentation relating thereto. Each Pledgor shall, at such Pledgor's sole cost and expense, upon the Administrative Agent's demand made at any time after the occurrence and during the continuance of any Event of Default, deliver all tangible evidence of Receivables, including, without limitation, all documents evidencing Receivables and any books and records relating thereto to the Administrative Agent or to its representatives (copies of which evidence and books and records may be retained by such Pledgor). Upon the occurrence and during the continuance of any Event of Default, the Administrative Agent may transfer a full and complete copy of any Pledgor's books, records, credit information, reports, memoranda and all other writings relating to the Receivables to and for the use by any Person that has acquired or is contemplating acquisition of an interest in the Receivables or the

Administrative Agent's security interest therein without the consent of any Pledgor.

(c) Legend. Each Pledgor shall legend, at the request of the Administrative Agent made at any time after the occurrence of any Event of Default and in form and manner satisfactory to the Administrative Agent, the Receivables and the other books, records and documents of such Pledgor evidencing or pertaining to the Receivables with an appropriate reference to the fact that the Receivables have been assigned to the Administrative Agent for the benefit of the Secured Parties and that the Administrative Agent has a security interest therein.

(d) Modification of Terms, etc. No Pledgor shall rescind or cancel any indebtedness evidenced by any Receivable or modify any term thereof or make any adjustment with respect thereto except in the ordinary course of business consistent with prudent business practice, or extend or renew any such indebtedness except in the ordinary course of business consistent with prudent business practice or compromise or settle any dispute, claim, suit or legal proceeding relating thereto or sell any Receivable or interest therein without the prior written consent of the Administrative Agent. Each Pledgor shall timely fulfill all obligations on its part to be fulfilled under or in connection with the Receivables.

(e) Collection. Each Pledgor shall cause to be collected from the account debtor of each of the Receivables, as and when due (including, without limitation, Receivables that are delinquent, such Receivables to be collected in accordance with generally accepted commercial collection procedures), any and all amounts owing under or on account of such Receivable, and apply forthwith upon receipt thereof all such amounts as are so collected to the outstanding balance of such Receivable, except that any Pledgor may, with respect to a Receivable, allow in the ordinary course of business (i) a refund or credit due as a result of returned or damaged or defective merchandise and (ii) such extensions of time to pay amounts due in respect of Receivables and such other modifications of payment terms or settlements in respect of Receivables as shall be commercially reasonable in the circumstances, all in accordance with such Pledgor's ordinary course of business consistent with its collection practices as in effect from time to time. The costs and expenses (including, without limitation, attorneys' fees) of collection, in any case, whether incurred by any Pledgor, the Administrative Agent or any Secured Party, shall be paid by the Pledgors.

(f) Instruments. Each Pledgor shall deliver to the Administrative Agent, within five days after receipt thereof by such Pledgor, any Instrument evidencing Receivables which is in the principal amount of \$100,000 or more. Any Instrument delivered to the Administrative Agent pursuant to this subsection 6(f) shall be appropriately endorsed (if applicable) to the order of the Administrative Agent, as agent for the Secured Parties, and shall be held by the Administrative Agent as further security hereunder; provided, however, that so long as no Default shall have occurred and be continuing, the Administrative Agent shall, promptly upon request of such Pledgor, make appropriate arrangements for making any Instrument pledged by such Pledgor available to such Pledgor for purposes of presentation, collection or renewal (any such arrangement to be effected, to the extent deemed appropriate by the Administrative Agent, against trust receipt or like document).

(g) Cash Collateral. Upon the occurrence and during the continuance of any Event of Default, if the Administrative Agent so directs, each Pledgor shall cause all payments on account of the Receivables to be held by the Administrative Agent as cash collateral in accordance with the provisions of subsections 9(e) and 9(f) hereof. Without notice to or assent by any Pledgor, the Administrative Agent may apply any or all amounts then or thereafter held as cash collateral in the manner provided in subsections 9(e) and 9(f). The costs and expenses (including, without limitation, reasonable attorneys' fees) of collection, whether incurred by the Administrative Agent or any Secured Party, shall be paid by the Pledgors.

(h) Maintenance of Equipment. Each Pledgor shall cause the Equipment to be maintained and preserved in the same condition, repair and working order as when new, ordinary wear and tear excepted, and to the extent consistent with current business practice in accordance with any manufacturer's manual, and shall forthwith, or in the case of any loss or damage which (individually or in the aggregate) exceeds \$100,000 to any of the Equipment (of which prompt notice shall be given to the Administrative Agent) as quickly as commercially practicable after the occurrence thereof, make or cause to be made all repairs, replacements and other improvements in connection therewith which are necessary or desirable in the conduct of such Pledgor's business.

(i) Warehouse Receipts Non-Negotiable. If any warehouse receipt or receipt in the nature of a warehouse receipt is issued with respect to any of the Inventory, the applicable Pledgor shall not permit such warehouse receipt or receipt in

the nature thereof to be "negotiable" (as such term is used in Section 7-104 of the UCC or under other relevant law).

(j) Consents to Assignment of Contracts. To the extent that any contract or other agreement or any Pledgor would constitute a Contract hereunder but for the exclusions contained in the provisos in the definition of "Contracts" hereunder, such Pledgor shall use its best efforts to cause the counterparty thereto to deliver the consent contemplated in the proviso of such definition within 120 days after the date hereof. For purposes of this subsection (j), "best efforts" shall not require such Obligor to pay or cause to be paid any remuneration to any such counterparty in order to obtain such consent to the extent that it would be commercially unreasonable so to do.

(k) Fair Labor Standards Act. Any goods now or hereafter produced by each Pledgor included in the Pledged Collateral have been and will be produced in substantial compliance with the requirements of the Fair Labor Standards Act of 1938, as amended.

Section 7. Special Provisions Concerning Securities Collateral.

(a) Pledge of Additional Securities. Each Pledgor shall, upon obtaining any Pledged Securities or Intercompany Notes of any Person, accept the same in trust for the benefit of the Administrative Agent and promptly (and in any event within five Business Days) deliver to the Administrative Agent a pledge amendment, duly executed by such Pledgor, in substantially the form of Exhibit 3 annexed hereto (each, a "Pledge Amendment"), and the certificates and other documents required under subsections 4(a) and 4(b) in respect of the additional Pledged Securities or Intercompany Notes which are to be pledged pursuant to this Agreement, and confirming the attachment of the Lien hereby created on and in respect of such additional property. Each Pledgor hereby authorizes the Administrative Agent to attach each Pledge Amendment to this Agreement and agrees that all Pledged Securities or Intercompany Notes listed on any Pledge Amendment delivered to the Administrative Agent shall for all purposes hereunder be considered Pledged Collateral.

(b) Voting Rights; Distributions; etc.

(i) So long as no Event of Default shall have occurred and be continuing:

(A) Each Pledgor shall be entitled to exercise any and all voting and other consensual rights pertaining to the Securities Collateral or any part thereof for any purpose not inconsistent with the terms or purposes of this Agreement or any other Credit Document; provided, however, that no Pledgor shall in any event exercise such rights in any manner which may have an adverse effect on the value of the Pledged Collateral or the security intended to be provided by this Agreement.

(B) Each Pledgor shall be entitled to receive and retain, and to utilize free and clear of the Lien of this Agreement, any and all Distributions, but only if and to the extent made in accordance with the provisions of the Credit Agreement; provided, however, that any and all such Distributions consisting of rights or interests in the form of securities shall be forthwith delivered to the Administrative Agent to hold as Pledged Collateral and shall, if received by any Pledgor, be received in trust for the benefit of the Administrative Agent, be segregated from the other property or funds of such Pledgor and be forthwith delivered to the Administrative Agent as Pledged Collateral in the same form as so received (with any necessary endorsement).

(C) The Administrative Agent shall be deemed without further action or formality to have granted to each Pledgor all necessary consents relating to voting rights and shall, if necessary, upon written request of any Pledgor and at the sole cost and expense of the Pledgors, from time to time execute and deliver (or cause to be executed and delivered) to such Pledgor all such instruments as such Pledgor may reasonably request in order to permit such Pledgor to exercise the voting and other rights which it is entitled to exercise pursuant to subsection 7(b)(i)(A) hereof and to receive the Distributions which it is authorized to receive and retain pursuant to subsection 7(b)(i)(B) hereof.

(ii) Upon the occurrence and during the continuance of any Event of Default:

(A) All rights of each Pledgor to exercise the voting and other consensual rights it would otherwise be entitled to exercise pursuant to subsection 7(b)(i)(A) hereof without any action or the giving of any notice (provided, however, that the Administrative Agent shall give notice to the applicable Pledgor of the stock of Ka-

nawha Corporation, Appalachian Realty Company, Mid-Vol Leasing, Inc., Mountain Coals Corporation, Zeigler Coal Holding Company, Bluegrass Coal Development Company, East Kentucky Energy Corporation and Shipyard River Coal Terminal Company) shall cease, and all such rights shall thereupon become vested in the Administrative Agent, which shall thereupon have the sole right to exercise such voting and other consensual rights.

(B) All rights of each Pledgor to receive Distributions which it would otherwise be authorized to receive and retain pursuant to subsection 7(b)(i)(B) hereof shall cease and all such rights shall thereupon become vested in the Administrative Agent, which shall thereupon have the sole right to receive and hold as Pledged Collateral such Distributions.

(iii) Each Pledgor shall, at its sole cost and expense, from time to time execute and deliver to the Administrative Agent appropriate instruments as the Administrative Agent may reasonably request in order to permit the Administrative Agent to exercise the voting and other rights which it may be entitled to exercise pursuant to subsection 7(b)(ii)(A) hereof and to receive all Distributions which it may be entitled to receive under subsection 7(b)(ii)(B) hereof.

(iv) All Distributions which are received by any Pledgor contrary to the provisions of subsection 7(b)(ii)(B) hereof shall be received in trust for the benefit of the Administrative Agent, shall be segregated from other funds of such Pledgor and shall immediately be paid over to the Administrative Agent as Pledged Collateral in the same form as so received (with any necessary endorsement).

(c) No New Securities. Each Pledgor shall cause each issuer of the Pledged Securities not to issue any stock or other securities or equity interests in addition to or in substitution for the Pledged Securities issued by such issuer, except to such Pledgor.

(d) Operative Agreements. Each Pledgor has delivered to the Administrative Agent true, correct and complete copies of the Operative Agreements. The Operative Agreements are in full force and effect, have not as of the date hereof been amended or modified, and there is no existing default by any party thereunder or any event which, with the giving of no-

tice of passage of time or both, would constitute a default by any party thereunder. Each Pledgor shall deliver to the Administrative Agent a copy of any notice of default given or received by it under any Operative Agreement within ten days after such Pledgor gives or receives such notice. No Pledgor will terminate or agree to terminate any Operative Agreement or make any amendment or modification to any Operative Agreement which may have an adverse effect on the value of the Pledged Interests or the security intended to be provided by this Agreement.

(e) Defaults, etc. Such Pledgor is not in default in the payment of any portion of any mandatory capital contribution, if any, required to be made under any agreement to which such Pledgor is a party relating to the Pledged Securities pledged by it, and such Pledgor is not in violation of any other material provisions of any such agreement to which such Pledgor is a party, or otherwise in default or violation thereunder. No Pledged Securities pledged by such Pledgor are subject to any defense, offset or counterclaim, nor have any of the foregoing been asserted or alleged against such Pledgor by any Person with respect thereto, and as of the date hereof, there are no certificates, instruments, documents or other writings (other than the Operative Agreements and certificates, if any, delivered to the Administrative Agent) which evidence any Pledged Securities of such Debtor.

Section 8. Special Provisions Concerning Intellectual Property Collateral.

(a) Grant of License. For the purpose of enabling the Administrative Agent, during the continuance of an Event of Default, to exercise rights and remedies under Section 12 hereof at such time as the Administrative Agent shall be lawfully entitled to exercise such rights and remedies, and for no other purpose, each Pledgor hereby grants to the Administrative Agent, to the extent assignable, an irrevocable, non-exclusive license (exercisable without payment of royalty or other compensation to such Pledgor) to use, assign, license or sublicense any of the Intellectual Property Collateral now owned or hereafter acquired by such Pledgor, wherever the same may be located, including in such license reasonable access to all media in which any of the licensed items may be recorded or stored and to all computer programs used for the compilation or printout hereof.

(b) Registrations. Except pursuant to licenses and other user agreements entered into by any Pledgor in the ordinary course of business, that are listed in Schedule VI annexed

hereto, on and as of the date hereof (i) each Pledgor owns and possesses the right to use, and has done nothing to authorize or enable any other Person to use, any Copyright, Patent or Trademark listed in Schedules III, IV and V, and (ii) all registrations listed in Schedules III, IV and V are valid and in full force and effect.

(c) No Violations or Proceedings. To each Pledgor's knowledge, on and as of the date hereof, (i) except as set forth in Schedule VI annexed hereto, there is no violation by others of any right of such Pledgor with respect to any Copyright, Patent or Trademark listed in Schedules III, IV and V annexed hereto, respectively, pledged by it under the name of such Pledgor, (ii) such Pledgor is not infringing upon any Copyright, Patent or Trademark of any other Person and (iii) no proceedings have been instituted or are pending against such Pledgor or, to such Pledgor's knowledge, threatened, and no claim against such Pledgor has been received by such Pledgor, alleging any such violation, except as may be set forth in Schedule VI.

(d) Protection of Administrative Agent's Security. On a continuing basis, each Pledgor shall, at its sole cost and expense, (i) promptly following its becoming aware thereof, notify the Administrative Agent of (A) any adverse determination in any proceeding in the United States Patent and Trademark Office or the United States Copyright Office with respect to any Patent, Trademark or Copyright or (B) the institution of any proceeding or any adverse determination in any federal, state or local court or administrative body regarding such Pledgor's claim of ownership in or right to use any of the Intellectual Property Collateral, its right to register the Intellectual Property Collateral or its right to keep and maintain such registration in full force and effect, (ii) maintain and protect the Intellectual Property Collateral material for the operation of such Pledgor's business as presently conducted and as contemplated by the Credit Agreement, (iii) not permit to lapse or become abandoned any Intellectual Property Collateral material for the operation of such Pledgor's business as presently conducted and as contemplated by the Credit Agreement, and not settle or compromise any pending or future litigation or administrative proceeding with respect to the Intellectual Property Collateral necessary for the operation of such Pledgor's business, in each case, without the consent of the Administrative Agent, (iv) upon such Pledgor obtaining knowledge thereof, promptly notify the Administrative Agent in writing of any event which may reasonably be expected to adversely affect the value or utility of the Intellectual Property Collateral or any

portion thereof necessary for the operation of such Pledgor's business, the ability of such Pledgor or the Administrative Agent to dispose of the Intellectual Property Collateral or any portion thereof or the rights and remedies of the Administrative Agent in relation thereto, including, without limitation, a levy or threat of levy or any legal process against the Intellectual Property Collateral or any portion thereof, (v) not license the Intellectual Property Collateral other than licenses entered into by such Pledgor in, or incidental to, the ordinary course of business, or amend or permit the amendment of any of the licenses in a manner that adversely affects the right to receive payments thereunder, or in any manner that would impair the value of the Intellectual Property Collateral or the Lien on the Intellectual Property Collateral intended to be granted to the Administrative Agent for the benefit of the Secured Parties, without the consent of the Administrative Agent, (vi) until the Administrative Agent exercises its rights to make collection, diligently keep adequate records respecting the Intellectual Property Collateral and (vii) furnish to the Administrative Agent from time to time statements and amended schedules further identifying and describing the Intellectual Property Collateral and such other materials evidencing or reports pertaining to the Intellectual Property Collateral as the Administrative Agent may from time to time reasonably request, all in reasonable detail.

(e) After-Acquired Property. If any Pledgor shall, at any time before the Secured Obligations have been paid in full or the Commitments of the Lenders to make any Loan or to issue any Letter of Credit have expired or been sooner terminated (i) obtain any rights to any additional Intellectual Property Collateral or (ii) become entitled to the benefit of any additional Intellectual Property Collateral or any renewal or extension thereof, including any reissue, division, continuation, or continuation-in-part of any Patent, or any improvement on any Patent, the provisions of this Agreement shall automatically apply thereto and any such item enumerated in clause (i) or (ii) of this subsection 8(e) with respect to such Pledgor shall automatically constitute Intellectual Property Collateral if such would have constituted Intellectual Property Collateral at the time of execution of this Agreement and be subject to the Lien created by this Agreement without further action by any party other than actions required to perfect such Lien. Each Pledgor shall promptly provide to the Administrative Agent written notice of any of the foregoing. Each Pledgor agrees, promptly following a request by the Administrative Agent, to confirm the attachment of the Lien created by this Agreement to any rights described in clauses (i) and (ii)

of this subsection 8(e) if such would have constituted Intellectual Property Collateral at the time of execution of this Agreement by execution of an instrument in form reasonably acceptable to the Administrative Agent.

(f) Modifications. Each Pledgor authorizes the Administrative Agent to modify this Agreement by amending Schedules III, IV, V and VI annexed hereto to include any future Intellectual Property Collateral of such Pledgor, including, without limitation, any of the items listed in subsection 8(e) hereof.

(g) Applications. Each Pledgor shall file and prosecute diligently all applications for the Patents, Trademarks or Copyrights now or hereafter pending that would be material to the operation of such Pledgor's business as presently conducted and as contemplated by the Credit Agreement to which any such applications pertain, and shall do all acts necessary to preserve and maintain all rights in the Intellectual Property Collateral material to the operation of such Pledgor's business as presently conducted and as contemplated by the Credit Agreement. Any and all costs and expenses incurred in connection with any such actions shall be borne by the Pledgors. No Pledgor shall abandon any right to file a Patent, Trademark or Copyright application, or any pending Patent, Trademark or Copyright application or any Patent, Trademark or Copyright material for the operation of such Pledgor's business as presently conducted and as contemplated by the Credit Agreement without the consent of the Administrative Agent.

(h) Litigation.

(i) Unless there shall occur and be continuing any Event of Default, each Pledgor shall have the right to commence and prosecute in its own name, as the party in interest, for its own benefit and at the sole cost and expense of the Pledgors, such applications for protection of the Intellectual Property Collateral and suits, proceedings or other actions for infringement, counterfeiting, unfair competition, dilution or other damage as are in its reasonable business judgment necessary to protect the Intellectual Property Collateral. Each Pledgor shall promptly notify the Administrative Agent in writing as to the commencement and prosecution of any such actions, or threat thereof relating to the Intellectual Property Collateral, and shall provide to the Administrative Agent such information with respect thereto as may be reasonably requested by the Administrative Agent. Each Pledgor shall

indemnify and hold harmless each Secured Party for any and all liabilities, obligations, losses, damages, penalties, actions, judgments, suits, expenses or disbursements (including attorneys' fees and expenses) of any kind whatsoever which may be imposed on, incurred by or asserted against such Secured Party in connection with or in any way arising out of such suits, proceedings or other actions.

(ii) Upon the occurrence and during the continuance of any Event of Default, the Administrative Agent shall have the right but shall in no way be obligated to file applications for protection of the Intellectual Property Collateral and/or bring suit in the name of any Pledgor, the Administrative Agent or the Secured Parties to enforce the Intellectual Property Collateral and any license thereunder. In the event of such suit, each Pledgor shall, at the request of the Administrative Agent, do any and all lawful acts and execute any and all documents requested by the Administrative Agent in aid of such enforcement and the Pledgors shall promptly, upon demand, reimburse and indemnify the Administrative Agent, as the case may be, for all costs and expenses (including fees and expenses of counsel) incurred by the Administrative Agent in the exercise of its rights under this subsection 8(h). In the event that the Administrative Agent shall elect not to bring suit to enforce the Intellectual Property Collateral, each Pledgor agrees, at the request of the Administrative Agent, to use all reasonable measures, whether by action, suit, proceeding or otherwise, to prevent the infringement, counterfeiting or other diminution in value of any of the Intellectual Property Collateral by others and for that purpose agrees to diligently maintain any action, suit or proceeding against any person so infringing necessary to prevent such infringement unless such Pledgor has determined that such Intellectual Property Collateral that is the subject of any pending or contemplated infringement or enforcement action or proceeding does not contain or represent any value or utility (other than of an immaterial nature), consistent with prudent business practice.

Section 9. Special Provisions Concerning Financial Accounts. Each Pledgor shall comply with the following covenants and makes the following representations and warranties.

(a) Financial Accounts. Each Pledgor shall, contemporaneously with the execution and delivery of this Agreement,

notify each Financial Intermediary that any Financial Account Collateral maintained with such Financial Intermediary by such Pledgor is under the exclusive dominion and control of the Administrative Agent and that all moneys, financial assets, checks, drafts, securities, instruments and other property deposited with such Financial Intermediary are to be held by such Financial Intermediary for the benefit of the Administrative Agent. Each Pledgor shall, within one Business Day of actual receipt thereof, deposit any payment received by it into a financial account that is subject to a financial account consent agreement substantially in the form of Exhibit 2 annexed hereto (each such agreement, a "Financial Account Consent Agreement" and each financial account subject to a Financial Account Consent Agreement, an "Approved Financial Account") or into the Concentration Account referred to in subsection (b) below. In addition, all Persons that owe money to any Pledgor in excess of \$100,000 in the aggregate shall be directed to remit their payments to an Approved Financial account. If any Pledgor is unable to obtain a Financial Account Consent Agreement from any Financial Intermediary, then such Pledgor shall terminate all financial accounts maintained with such Financial Intermediary and transfer all moneys, financial assets, checks, drafts, securities, instruments and other property deposited therein to another Approved Financial Account. Each Pledgor hereby represents and warrants that it does not now maintain, and will not in the future maintain, any other financial account with any Financial Intermediary or any other banking or financial institution other than the accounts set forth in Schedule VII annexed hereto; provided, however, that any Pledgor may establish and maintain additional financial accounts with any Financial Intermediary or any new banking or financial institution if (i) in the case of an existing Financial Intermediary, such Pledgor, such Financial Intermediary and the Administrative Agent shall have entered into an amendment to the relevant Financial Account Consent Agreement to include such new Financial Account under such amendment to be in form and substance satisfactory to the Administrative Agent, and (ii) in the case of a new banking or financial institution, (A) the applicable Pledgor shall have given the Administrative Agent 30 days' prior written notice of its intention to establish a new financial account with a new banking or financial institution, (B) such new banking or financial institution shall be reasonably acceptable to the Administrative Agent and (C) such new banking or financial institution shall enter into a Financial Account Consent Agreement. Upon compliance with the provisions of clause (ii) of the immediately preceding sentence, such new banking or financial institution shall constitute a "Financial Intermediary" hereunder.

(b) Concentration Account. The Pledgors will establish a concentration account or sub-account (the "Concentration Account") with the Administrative Agent into which all Financial Account Collateral of the Pledgors in excess of \$3,000,000 in the aggregate shall be deposited by 12:00 p.m. New York time on each Business Day, subject to the provisions of subsection (c) of this Section 9. Each Pledgor hereby agrees that the Concentration Account is under the exclusive dominion and control of the Administrative Agent and all moneys, instruments, securities and other property received in the Concentration Account are to be held for the benefit of the Administrative Agent on behalf of the Secured Parties. Each Pledgor hereby transfers to the Administrative Agent the exclusive dominion and control over the Concentration Account. Notwithstanding the foregoing, the Administrative Agent shall be permitted to designate a Lender that has executed and delivered a Financial Account Consent Agreement and has agreed to be a collateral sub-agent for the Administrative Agent to be the banking or financial institution for the Concentration Account.

(c) Dispositions from Concentration Account. Until an Event of Default shall have occurred and be continuing, each Pledgor is hereby authorized by the Administrative Agent to direct on any Business Day the disposition of any and all moneys, financial assets, checks, drafts, securities, instruments and other property deposited in the Concentration Account into one or more Approved Financial Accounts for use by such Pledgor in a manner permitted by the Credit Agreement. The Administrative Agent shall make such disposition by 2:00 p.m. New York time on each such date.

(d) Revocation of Withdrawal Right. Upon the occurrence and during the continuance of any Event of Default, the authorization of the Pledgors under subsection (c) of this Section 9 shall be revoked and all deposits maintained in the Concentration Account or with any Financial Intermediary, and any additional moneys, financial assets, checks, drafts, securities, instruments and other property subsequently maintained with any Financial Intermediary, shall be transferred to a collateral account or sub-account maintained by the Administrative Agent (or a Lender that agrees to be a collateral sub-agent for the Administrative Agent) in its name as collateral agent for the Secured Parties (the "Collateral Account"). All such deposits in any such Collateral Account shall constitute "Pledged Collateral" for all purposes of this Agreement and shall be held by the Administrative Agent as Pledged Collateral for the Secured Obligations or applied to the payment of the Secured Obligations in accordance with Section 13 of this Agreement.

The costs and expenses (including attorney's fees) of collection, whether incurred by any Pledgor or the Administrative Agent (or any sub-agent), shall be borne by the Pledgors.

(e) Deposits to Collateral Account. Each Pledgor shall deposit into the Collateral Account from time to time (i) the cash proceeds of any of the Pledged Collateral or any Real Property that is subject to a Mortgage (including pursuant to any disposition thereof), (ii) the cash proceeds of any Taking or Destruction or loss of title with respect to any Real Property that is subject to a Mortgage (including proceeds of casualty events and proceeds of insurance covering the Pledged Collateral or any Real Property that is subject to a Mortgage), (iii) any cash in respect of any Pledged Collateral which the Administrative Agent is entitled to pursuant to subsection 6(g) or subsection 7(b)(ii) hereof and (iv) any additional amounts that such Pledgor desires to pledge to the Administrative Agent for the benefit of the Secured Parties as additional collateral security hereunder or which such Pledgor is required to pledge as additional collateral security hereunder pursuant to the Credit Documents.

(f) Application of Amounts in Collateral Account. The balance from time to time in the Collateral Account shall constitute part of the Pledged Collateral hereunder and shall not constitute payment of the Secured Obligations until applied as hereinafter provided. So long as no Event of Default has occurred and is continuing or will result therefrom, the Administrative Agent shall remit the collected balance outstanding to the credit of the Collateral Account to or upon the order of the respective Pledgor, in periodic installments, if applicable, within two Business Days of (i) submission of reasonable evidence that such amount is to be applied as permitted by Section 2.10(a) of the Credit Agreement and (ii) with respect to any cash proceeds on deposit in the Collateral Account relating to any Real Property that is subject to a Mortgage, satisfaction of the conditions relating thereto set forth in such Mortgage; provided, however, that any amounts deposited in the Collateral Account in respect of prepayments or reductions of Loans or Commitments under Section 2.10(a) of the Credit Agreement which are to be applied to LIBOR Loans as provided in the penultimate sentence of Section 2.10(b) of the Credit Agreement shall be held by the Administrative Agent until the end of the respective Interest Periods of such LIBOR Loans at which time, whether or not an Event of Default has occurred, the Administrative Agent shall cause such monies to be applied to such LIBOR Loans. At any time following the occurrence and during the continuance of an Event of Default, however, the Adminis-

trative Agent may (and, if instructed by the Lenders as specified in the Credit Agreement, shall) in its (or their) discretion apply or cause to be applied (subject to collection) the balance from time to time outstanding to the credit of the Collateral Account to the payment of the Secured Obligations in the manner specified in Section 13 hereof subject, however, in the case of amounts deposited in the Letter of Credit Liabilities Sub-Account, to the provisions of subsection 9(h) hereof). The balance from time to time in the Collateral Account shall be subject to withdrawal only as provided herein.

(g) Investment of Balance in Collateral Account.

Amounts on deposit in the Collateral Account shall be invested from time to time in such Permitted Investments as the respective Pledgor (or, after the occurrence and during the continuance of an Event of Default, the Administrative Agent) shall determine, which Permitted Investments shall be held in the name and be under the control of the Administrative Agent (or any sub-agent); provided, however, that at any time after the occurrence and during the continuance of an Event of Default, the Administrative Agent may (and, if instructed by the Lenders as specified in the Credit Agreement, shall) in its (or their) discretion at any time and from time to time elect to liquidate any such Permitted Investments and to apply or cause to be applied the proceeds thereof to the payment of the Secured Obligations in the manner specified in Section 13 hereof.

(h) Cover for Letter of Credit Liabilities. Amounts deposited into the Collateral Account as cover for liabilities in respect of Letters of Credit under the Credit Agreement pursuant to Section 10 thereof shall be held by the Administrative Agent in a separate sub-account designated as the "Letter of Credit Liabilities Sub-Account" (the "Letter of Credit Liability Sub-Account") and, notwithstanding any other provision of this Agreement to the contrary, all amounts held in the Letter of Credit Liabilities Sub-Account shall constitute collateral security first for the liabilities in respect of Letters of Credit outstanding from time to time and second as collateral security for the other Secured Obligations hereunder until such time as all Letters of Credit shall have been terminated and all of the liabilities in respect of Letters of Credit have been paid in full.

Section 10. Transfers and Other Liens. No Pledgor shall (a) sell, convey, assign or otherwise dispose of, or grant any option with respect to, any of the Pledged Collateral pledged by it hereunder except as permitted by the Credit Agreement, (b) create or permit to exist any Lien upon or with

respect to any of the Pledged Collateral pledged by it hereunder other than (i) Prior Liens, (ii) the Lien and security interest granted to the Administrative Agent under this Agreement and (iii) Subordinate Liens or (c) permit any issuer of the Pledged Securities to merge, consolidate or change its legal form, unless all of the outstanding equity interests of the surviving or resulting entity are, upon such merger or consolidation, pledged hereunder and no cash, securities or other property is distributed in respect of the outstanding equity interests of any other entity that was merged into or consolidated with such issuer.

Section 11. Reasonable Care. The Administrative Agent shall be deemed to have exercised reasonable care in the custody and preservation of the Pledged Collateral in its possession if such Pledged Collateral is accorded treatment substantially equivalent to that which the Administrative Agent, in its individual capacity, accords its own property consisting of similar instruments or interests, it being understood that neither the Administrative Agent nor any of the Secured Parties shall have responsibility for (i) ascertaining or taking action with respect to calls, conversions, exchanges, maturities, tenders or other matters relating to any Securities Collateral, whether or not the Administrative Agent or any other Secured Party has or is deemed to have knowledge of such matters, or (ii) taking any necessary steps to preserve rights against any Person with respect to any Pledged Collateral.

Section 12. Remedies upon Default; Obtaining the Pledged Collateral upon Event of Default. (a) If any Event of Default shall have occurred and be continuing, then and in every such case, the Administrative Agent may:

(i) Personally, or by agents or attorneys, immediately take possession of the Pledged Collateral or any part thereof, from any Pledgor or any other Person who then has possession of any part thereof with or without notice or process of law, and for that purpose may enter upon any Pledgor's premises where any of the Pledged Collateral is located, remove such Pledged Collateral, remain present at such premises to receive copies of all communications and remittances relating to the Pledged Collateral and use in connection with such removal and possession any and all services, supplies, aids and other facilities of any Pledgor;

(ii) Demand, sue for, collect or receive any money or property at any time payable or receivable in respect of

the Pledged Collateral, including, without limitation, instructing the obligor or obligors on any agreement, instrument or other obligation (including, without limitation, the Receivables and Contracts) constituting part of the Pledged Collateral to make any payment required by the terms of such instrument or agreement directly to the Administrative Agent, and in connection with any of the foregoing, compromising, settling, extending the time for payment and making other modifications with respect thereto; provided, however, that in the event that any such payments are made directly to any Pledgor, prior to receipt by any such obligor of such instruction, such Pledgor shall segregate all amounts received pursuant thereto in a separate account and pay the same promptly to the Administrative Agent;

(iii) Sell, assign, grant a license to use or otherwise liquidate, or direct any Pledgor to sell, assign, grant a license to use or otherwise liquidate, any or all investments made in whole or in part with the Pledged Collateral or any part thereof, and take possession of the proceeds of any such sale, assignment, license or liquidation;

(iv) Take possession of the Pledged Collateral or any part thereof, by directing any Pledgor in writing to deliver the same to the Administrative Agent at any place or places so designated by the Administrative Agent, in which event such Pledgor shall at its own expense: (A) forthwith cause the same to be moved to the place or places designated by the Administrative Agent and there delivered to the Administrative Agent, (B) store and keep any Pledged Collateral so delivered to the Administrative Agent at such place or places pending further action by the Administrative Agent and (C) while the Pledged Collateral shall be so stored and kept, provide such security and maintenance services as shall be necessary to protect the same and to preserve and maintain them in good condition. Each Pledgor's obligation to deliver the Pledged Collateral is of the essence of this Agreement;

(v) Withdraw all moneys, instruments, securities and other property in any financial account of any Pledgor for application to the Secured Obligations as provided in Section 13 hereof;

(vi) Retain and apply the Distributions to the Secured Obligations as provided in Section 13 hereof; and

(vii) Exercise any and all rights as beneficial and legal owner of the Pledged Collateral, including, without limitation, perfecting assignment of and exercising any and all voting, consensual and other rights and powers with respect to any Pledged Collateral.

Upon application to a court of equity having jurisdiction, the Administrative Agent shall be entitled to a decree requiring specific performance by any Pledgor of such obligation.

(b) Remedies; Disposition of the Pledged Collateral.

(i) Upon the occurrence and during the continuance of any Event of Default, the Administrative Agent may from time to time exercise in respect of the Pledged Collateral, in addition to the other rights and remedies provided for herein or otherwise available to it, all the rights and remedies of a secured party on default under the UCC, and the Administrative Agent may also in its sole discretion, without notice except as specified below, sell, assign or grant a license to use the Pledged Collateral or any part thereof in one or more parcels at public or private sale, at any exchange, broker's board or at any of the Administrative Agent's offices or elsewhere, for cash, on credit or for future delivery, and at such price or prices and upon such other terms as the Administrative Agent may deem commercially reasonable. The Administrative Agent or any other Secured Party or any of their respective Affiliates may be the purchaser, licensee, assignee or recipient of any or all of the Pledged Collateral at any such sale and shall be entitled, for the purpose of bidding and making settlement or payment of the purchase price for all or any portion of the Pledged Collateral sold, assigned or licensed at such sale, to use and apply any of the Secured Obligations owed to such Person as a credit on account of the purchase price of any Pledged Collateral payable by such Person at such sale. Each purchaser, assignee, licensee or recipient at any such sale shall acquire the property sold, assigned or licensed absolutely free from any claim or right on the part of any Pledgor, and each Pledgor hereby waives, to the fullest extent permitted by law, all rights of redemption, stay and/or appraisal which it now has or may at any time in the future have under any rule of law or statute now existing or hereafter enacted. The Administrative Agent shall not be obligated to make any sale of Pledged Collateral regardless of notice of sale having been given. The Administrative Agent may adjourn any public or private sale from time to time by announcement at the time and place fixed therefor, and such sale may, without further notice, be made at

the time and place to which it was so adjourned. Each Pledgor hereby waives, to the fullest extent permitted by law, any claims against the Administrative Agent arising by reason of the fact that the price at which any Pledged Collateral may have been sold, assigned or licensed at such a private sale was less than the price which might have been obtained at a public sale, even if the Administrative Agent accepts the first offer received and does not offer such Pledged Collateral to more than one offeree.

(ii) Each Pledgor acknowledges and agrees that, to the extent notice of sale shall be required by law, ten days' notice to such Pledgor of the time and place of any public sale or of the time after which any private sale or other intended disposition is to take place shall be commercially reasonable notification of such matters. No notification need be given to any Pledgor if it has signed, after the occurrence of an Event of Default, a statement renouncing or modifying any right to notification of sale or other intended disposition.

(c) Waiver of Notice and Claims. Each Pledgor hereby waives, to the fullest extent permitted by applicable law, notice or judicial hearing in connection with the Administrative Agent's taking possession or the Administrative Agent's disposition of any of the Pledged Collateral, including, without limitation, any and all prior notice and hearing for any prejudgment remedy or remedies and any such right which such Pledgor would otherwise have under law, and each Pledgor hereby further waives, to the fullest extent permitted by applicable law: (i) all damages occasioned by such taking of possession, (ii) all other requirements as to the time, place and terms of sale or other requirements with respect to the enforcement of the Administrative Agent's rights hereunder, and (iii) all rights of redemption, appraisal, valuation, stay, extension or moratorium now or hereafter in force under any applicable law. The Administrative Agent shall not be liable for any incorrect or improper payment made pursuant to this Section 12 in the absence of gross negligence or willful misconduct. Any sale of, or the grant of options to purchase, or any other realization upon, any Pledged Collateral shall operate to divest all right, title, interest, claim and demand, either at law or in equity, of the applicable Pledgor therein and thereto, and shall be a perpetual bar both at law and in equity against such Pledgor and against any and all Persons claiming or attempting to claim the Pledged Collateral so sold, optioned or realized upon, or any part thereof, from, through or under such Pledgor.

(d) Certain Sales of Pledged Collateral.

(i) Each Pledgor recognizes that, by reason of certain prohibitions contained in law, rules, regulations or orders of any foreign Governmental Authority, the Administrative Agent may be compelled, with respect to any sale of all or any part of the Pledged Collateral, to limit purchasers to those who meet the requirements of such foreign Governmental Authority. Each Pledgor acknowledges that any such sales may be at prices and on terms less favorable to the Administrative Agent than those obtainable through a public sale without such restrictions, and, notwithstanding such circumstances, agrees that any such restricted sale shall be deemed to have been made in a commercially reasonable manner and that, except as may be required by applicable law, the Administrative Agent shall have no obligation to engage in public sales.

(ii) Each Pledgor recognizes that, by reason of certain prohibitions contained in the Securities Act of 1933, as amended (the "Securities Act"), and applicable state securities laws, the Administrative Agent may be compelled, with respect to any sale of all or any part of the Securities Collateral, to limit purchasers to Persons who will agree, among other things, to acquire such Securities Collateral for their own account, for investment and not with a view to the distribution or resale thereof. Each Pledgor acknowledges that any such private sales may be at prices and on terms less favorable to the Administrative Agent than those obtainable through a public sale without such restrictions (including, without limitation, a public offering made pursuant to a registration statement under the Securities Act), and, notwithstanding such circumstances, agrees that any such private sale shall be deemed to have been made in a commercially reasonable manner and that the Administrative Agent shall have no obligation to engage in public sales and no obligation to delay the sale of any Securities Collateral for the period of time necessary to permit the issuer thereof to register it for a form of public sale requiring registration under the Securities Act or under applicable state securities laws, even if such issuer would agree to do so.

(iii) Notwithstanding the foregoing, each Pledgor shall, upon the occurrence and during the continuance of any Event of Default, at the request of the Administrative Agent, for the benefit of the Administrative Agent, cause any registration, qualification under or compliance with any federal or state securities law or laws to be effected with respect to all or any part of the Securities Collateral as soon as practicable and at the sole cost and expense of the Pledgors. Each Pledgor will use its best efforts to cause such registration to be effected (and be kept effective) and will use its best efforts to

cause such qualification and compliance to be effected (and be kept effective) as may be so requested and as would permit or facilitate the sale and distribution of such Securities Collateral, including, without limitation, registration under the Securities Act (or any similar statute then in effect), appropriate qualifications under applicable blue sky or other state securities laws and appropriate compliance with any other government requirements. Each Pledgor shall cause the Administrative Agent to be kept advised in writing as to the progress of each such registration, qualification or compliance and as to the completion thereof, shall furnish to the Administrative Agent such number of prospectuses, offering circulars or other documents incident thereto as the Administrative Agent from time to time may request, and shall indemnify and shall cause the issuer of the Securities Collateral to indemnify the Administrative Agent and all others participating in the distribution of such Securities Collateral against all claims, losses, damages and liabilities caused by any untrue statement (or alleged untrue statement) of a material fact contained therein (or in any related registration statement, notification or the like) or by any omission (or alleged omission) to state therein (or in any related registration statement, notification or the like) a material fact required to be stated therein or necessary to make the statements therein not misleading.

(iv) If the Administrative Agent determines to exercise its right to sell any or all of the Securities Collateral, upon written request, the applicable Pledgor shall from time to time furnish to the Administrative Agent all such information as the Administrative Agent may request in order to determine the number of securities included in the Securities Collateral which may be sold by the Administrative Agent as exempt transactions under the Securities Act and the rules of the Securities and Exchange Commission thereunder, as the same are from time to time in effect.

Section 13. Application of Proceeds. The proceeds received by the Administrative Agent in respect of any sale of, collection from or other realization upon all or any part of the Pledged Collateral pursuant to the exercise by the Administrative Agent of its remedies as a secured creditor as provided in Section 12 hereof shall be applied, together with any other sums then held by the Administrative Agent pursuant to this Agreement, promptly by the Administrative Agent as follows:

First, to the payment of all costs and expenses, fees, commissions and taxes of such sale, collection or other realization, including, without limitation, compen-

sation to the Administrative Agent and its agents and counsel, and all expenses, liabilities and advances made or incurred by the Administrative Agent in connection therewith, together with interest on each such amount at the highest rate then in effect under the Credit Agreement from and after the date such amount is due, owing or unpaid until paid in full;

Second, to the payment of all other costs and expenses of such sale, collection or other realization, including, without limitation, compensation to the Arranger and the Lenders and their agents and counsel and all costs, liabilities and advances made or incurred by the Arranger and the Lenders in connection therewith, together with interest on each such amount at the highest rate then in effect under the Credit Agreement from and after the date such amount is due, owing or unpaid until paid in full;

Third, without duplication of amounts applied pursuant to clauses First and Second above, to the indefeasible payment in full in cash, pro rata, of (i) interest, principal and other amounts constituting Secured Obligations (other than Swap Obligations) in accordance with the terms of the Credit Agreement and (ii) the Swap Obligations in accordance with the terms of the Swap Contracts; and

Fourth, the balance, if any, to the Person lawfully entitled thereto (including the Pledgors or their respective successors or assigns).

In the event that any such proceeds are insufficient to pay in full the items described in clauses First through Third of this Section 13, the Pledgors shall remain liable for any deficiency.

Section 14. Expenses. Each Pledgor will upon demand pay to the Administrative Agent the amount of any and all reasonable expenses, including the reasonable fees and expenses of its counsel and the reasonable fees and expenses of any experts and agents which the Administrative Agent may incur in connection with (a) the collection of the Secured Obligations, (b) the enforcement and administration of this Agreement, (c) the custody or preservation of, or the sale of, collection from, or other realization upon, any of the Pledged Collateral, (d) the exercise or enforcement of any of the rights of the Administrative Agent or any Secured Party hereunder or (e) the failure by any Pledgor to perform or observe any of the provi-

sions hereof. All amounts payable by any Pledgor under this Section 14 shall be due upon demand and shall be part of the Secured Obligations. Each Pledgor's obligations under this Section 14 shall survive the termination of this Agreement and the discharge of such Pledgor's other obligations hereunder.

Section 15. No Waiver; Cumulative Remedies. (a) No failure on the part of the Administrative Agent to exercise, no course of dealing with respect to, and no delay on the part of the Administrative Agent in exercising, any right, power or remedy hereunder shall operate as a waiver thereof; nor shall any single or partial exercise of any such right, power or remedy hereunder preclude any other or further exercise thereof or the exercise of any other right, power or remedy; nor shall the Administrative Agent be required to look first to, enforce or exhaust any other security, collateral or guaranties. The remedies herein provided are cumulative and are not exclusive of any remedies provided by law.

(b) In the event that the Administrative Agent shall have instituted any proceeding to enforce any right, power or remedy under this Agreement by foreclosure, sale, entry or otherwise, and such proceeding shall have been discontinued or abandoned for any reason or shall have been determined adversely to the Administrative Agent, then and in every such case, the Pledgors, the Administrative Agent and each other Secured Party shall be restored to their respective former positions and rights hereunder with respect to the Pledged Collateral, and all rights, remedies and powers of the Administrative Agent and the other Secured Parties shall continue as if no such proceeding had been instituted.

Section 16. Administrative Agent. The Administrative Agent has been appointed as administrative agent pursuant to the Credit Agreement. The actions of the Administrative Agent hereunder are subject to the provisions of the Credit Agreement. The Administrative Agent shall have the right hereunder to make demands, to give notices, to exercise or refrain from exercising any rights, and to take or refrain from taking action (including, without limitation, the release or substitution of Pledged Collateral), in accordance with this Agreement and the Credit Agreement. The Administrative Agent may employ agents and attorneys-in-fact in connection herewith and shall not be liable for the negligence or misconduct of any such agents or attorneys-in-fact selected by it in good faith. The Administrative Agent may resign and a successor the Administrative Agent may be appointed in the manner provided in the Credit Agreement. Upon the acceptance of any appointment as

the Administrative Agent by a successor Administrative Agent, that successor Administrative Agent shall thereupon succeed to and become vested with all the rights, powers, privileges and duties of the retiring Administrative Agent under this Agreement, and the retiring Administrative Agent shall thereupon be discharged from its duties and obligations under this Agreement. After any retiring Administrative Agent's resignation, the provisions of this Agreement shall inure to its benefit as to any actions taken or omitted to be taken by it under this Agreement while it was the Administrative Agent.

Section 17. Administrative Agent May Perform; Administrative Agent Appointed Attorney-in-Fact. If any Pledgor shall fail to do any act or thing that it has covenanted to do hereunder or if any warranty on the part of any Pledgor contained herein shall be breached, the Administrative Agent may (but shall not be obligated to) do the same or cause it to be done or remedy any such breach, and may expend funds for such purpose. Any and all amounts so expended by the Administrative Agent shall be paid by the Pledgors promptly upon demand therefor, with interest at the highest rate then in effect under the Credit Agreement during the period from and including the date on which such funds were so expended to the date of repayment. Each Pledgor's obligations under this Section 17 shall survive the termination of this Agreement and the discharge of such Pledgor's other obligations under this Agreement, the Credit Agreement, any Swap Contract and the other Credit Documents. Each Pledgor hereby appoints the Administrative Agent its attorney-in-fact, with full authority in the place and stead of such Pledgor and in the name of such Pledgor, or otherwise, from time to time in the Administrative Agent's discretion to take any action and to execute any instrument consistent with the terms of this Agreement and the other Credit Documents which the Administrative Agent may deem necessary or advisable to accomplish the purposes of this Agreement. The foregoing grant of authority is a power of attorney coupled with an interest and such appointment shall be irrevocable for the term of this Agreement. Each Pledgor hereby ratifies all that such attorney shall lawfully do or cause to be done by virtue hereof.

Section 18. Indemnity.

(a) Indemnity. Each Pledgor agrees to indemnify, pay and hold harmless the Administrative Agent and each of the other Secured Parties and the officers, directors, employees, agents and Affiliates of the Administrative Agent and each of the other Secured Parties (collectively, the "Indemnitees")

from and against any and all other liabilities, obligations, losses, damages, penalties, actions, judgments, suits, claims, costs (including, without limitation, settlement costs), expenses or disbursements of any kind or nature whatsoever (including, without limitation, the reasonable fees and disbursements of counsel for such Indemnitees in connection with any investigative, administrative or judicial proceeding commenced or threatened, whether or not such Indemnitee shall be designated a party thereto) which may be imposed on, incurred by, or asserted against that Indemnitee, in any manner relating to or arising out of this Agreement, any Swap Contract or any other Credit Document (including, without limitation, any misrepresentation by any Pledgor in this Agreement, any Swap Contract or any other Credit Document) (the "indemnified liabilities"); provided, however, that no Pledgor shall have any obligation to an Indemnitee hereunder with respect to indemnified liabilities if it has been determined by a final decision (after all appeals and the expiration of time to appeal) of a court of competent jurisdiction that such indemnified liability arose from the gross negligence or willful misconduct of that Indemnitee. To the extent that the undertaking to indemnify, pay and hold harmless set forth in the preceding sentence may be unenforceable because it is violative of any law or public policy, each Pledgor shall contribute the maximum portion which it is permitted to pay and satisfy under applicable law to the payment and satisfaction of all indemnified liabilities incurred by the Indemnitees or any of them.

(b) Survival. The obligations of the Pledgors contained in this Section 18 shall survive the termination of this Agreement and the discharge of the Pledgors' other obligations under this Agreement, any Swap Contract and under the other Credit Documents.

(c) Reimbursement. Any amounts paid by any Indemnitee as to which such Indemnitee has the right to reimbursement shall constitute Secured Obligations secured by the Pledged Collateral.

Section 19. Modification in Writing. No amendment, modification, supplement, termination or waiver of or to any provision of this Agreement, nor consent to any departure by any Pledgor therefrom, shall be effective unless the same shall be made in accordance with the terms of the Credit Agreement and unless in writing and signed by the Administrative Agent. Any amendment, modification or supplement of or to any provision of this Agreement, any waiver of any provision of this Agreement and any consent to any departure by any Pledgor from

the terms of any provision of this Agreement shall be effective only in the specific instance and for the specific purpose for which made or given. Except where notice is specifically required by this Agreement or any other Credit Document, no notice to or demand on any Pledgor in any case shall entitle any Pledgor to any other or further notice or demand in similar or other circumstances.

Section 20. Termination; Release. When all the Secured Obligations have been paid in full and the Commitments of the Lenders to make any Loan or to issue any Letter of Credit under the Credit Agreement shall have expired or been sooner terminated, this Agreement shall terminate. Upon termination of this Agreement or any release of Pledged Collateral in accordance with the provisions of the Credit Agreement, the Administrative Agent shall, upon the request and at the sole cost and expense of the Pledgors, forthwith assign, transfer and deliver to Pledgor, against receipt and without recourse to or warranty by the Administrative Agent, such of the Pledged Collateral to be released (in the case of a release) as may be in possession of the Administrative Agent and as shall not have been sold or otherwise applied pursuant to the terms hereof, and, with respect to any other Pledged Collateral, proper documents and instruments (including UCC-3 termination statements or releases) acknowledging the termination of this Agreement or the release of such Pledged Collateral, as the case may be.

Section 21. Notices. Unless otherwise provided herein or in the Credit Agreement, any notice or other communication herein required or permitted to be given shall be given in the manner set forth in the Credit Agreement, as to any Pledgor, addressed to it at the address of the Borrower set forth in the Credit Agreement and as to the Administrative Agent, addressed to it at the address set forth in the Credit Agreement, or in each case at such other address as shall be designated by such party in a written notice to the other party complying as to delivery with the terms of this Section 21; provided, however, that notices to the Administrative Agent shall not be effective until received by the Administrative Agent.

Section 22. Continuing Security Interest; Assignment. This Agreement shall create a continuing security interest in the Pledged Collateral and shall (i) be binding upon the Pledgors, their respective successors and assigns and (ii) inure, together with the rights and remedies of the Administrative Agent hereunder, to the benefit of the Administrative Agent and the other Secured Parties and each of their respec-

tive successors, transferees and assigns. No other Persons (including, without limitation, any other creditor of any Pledgor) shall have any interest herein or any right or benefit with respect hereto. Without limiting the generality of the foregoing clause (ii), any Lender may assign or otherwise transfer any indebtedness held by it secured by this Agreement to any other Person, and such other Person shall thereupon become vested with all the benefits in respect thereof granted to such Lender, herein or otherwise, subject however, to the provisions of the Credit Agreement and any applicable Swap Contract. Each Affiliate of the Borrower which from time to time after the initial date of this Agreement is required under the Credit Agreement to pledge any assets to the Administrative Agent for the benefit of the Secured Parties may become a party hereto upon execution and delivery to the Administrative Agent of a joinder agreement substantially in the form attached hereto as Exhibit 4, and upon such execution and delivery shall be deemed to be a "Guarantor" and a "Pledgor" for all purposes hereunder.

Section 23. GOVERNING LAW; TERMS. THIS AGREEMENT SHALL BE GOVERNED BY, AND SHALL BE CONSTRUED AND ENFORCED IN ACCORDANCE WITH, THE LAWS OF THE STATE OF NEW YORK, EXCLUDING (TO THE GREATEST EXTENT PERMITTED BY LAW) ANY RULE OF LAW THAT WOULD CAUSE THE APPLICATION OF THE LAWS OF ANY JURISDICTION OTHER THAN THE STATE OF NEW YORK, AND EXCEPT TO THE EXTENT THAT THE VALIDITY OR PERFECTION OF THE SECURITY INTEREST HEREUNDER, OR REMEDIES HEREUNDER, IN RESPECT OF ANY PARTICULAR PLEDGED COLLATERAL, ARE GOVERNED BY THE LAWS OF A JURISDICTION OTHER THAN THE STATE OF NEW YORK.

Section 24. CONSENT TO JURISDICTION AND SERVICE OF PROCESS; WAIVER OF JURY TRIAL. ALL JUDICIAL PROCEEDINGS BROUGHT AGAINST ANY ASSIGNOR WITH RESPECT TO THIS AGREEMENT MAY BE BROUGHT IN THE SUPREME COURT OF THE STATE OF NEW YORK SITTING IN NEW YORK COUNTY, THE COURTS OF THE UNITED STATES OF AMERICA FOR THE SOUTHERN DISTRICT OF NEW YORK AND APPELLATE COURTS OF ANY THEREOF, AND BY EXECUTION AND DELIVERY OF THIS AGREEMENT, EACH ASSIGNOR ACCEPTS FOR ITSELF AND IN CONNECTION WITH ITS PROPERTIES, GENERALLY AND UNCONDITIONALLY, THE NONEXCLUSIVE JURISDICTION OF THE AFORESAID COURTS AND IRREVOCABLY AGREES TO BE BOUND BY ANY JUDGMENT RENDERED THEREBY IN CONNECTION WITH THIS AGREEMENT. EACH ASSIGNOR AGREES THAT SERVICE OF PROCESS IN ANY PROCEEDING MAY BE EFFECTED BY MAILING A COPY THEREOF BY REGISTERED OR CERTIFIED MAIL (OR ANY SUBSTANTIALLY SIMILAR FORM OF MAIL), POSTAGE PREPAID, TO BORROWER AT ITS ADDRESS SET FORTH IN THE CREDIT AGREEMENT OR AT SUCH OTHER ADDRESS OF WHICH THE ADMINISTRATIVE AGENT SHALL HAVE BEEN NOTIFIED PURSUANT THERETO.

IF ANY AGENT APPOINTED BY ANY ASSIGNOR REFUSES TO ACCEPT SERVICE, SUCH ASSIGNOR HEREBY AGREES THAT SERVICE UPON IT BY MAIL SHALL CONSTITUTE SUFFICIENT NOTICE. NOTHING HEREIN SHALL AFFECT THE RIGHT TO SERVE PROCESS IN ANY OTHER MANNER PERMITTED BY LAW OR SHALL LIMIT THE RIGHT OF THE ADMINISTRATIVE AGENT TO BRING PROCEEDINGS AGAINST ANY ASSIGNOR IN THE COURTS OF ANY OTHER JURISDICTION. THE ASSIGNORS HEREBY IRREVOCABLY WAIVE ALL RIGHT TO A TRIAL BY JURY IN ANY ACTION, PROCEEDING OR COUNTERCLAIM ARISING OUT OF OR RELATING TO THIS AGREEMENT OR THE TRANSACTIONS CONTEMPLATED HEREBY.

Section 25. Severability of Provisions. Any provision of this Agreement which is prohibited or unenforceable in any jurisdiction shall, as to such jurisdiction, be ineffective to the extent of such prohibition or unenforceability without invalidating the remaining provisions hereof or affecting the validity or enforceability of such provision in any other jurisdiction.

Section 26. Execution in Counterparts. This Agreement and any amendments, waivers, consents or supplements hereto may be executed in any number of counterparts and by different parties hereto in separate counterparts, each of which when so executed and delivered shall be deemed to be an original, but all such counterparts together shall constitute one and the same agreement.

Section 27. Headings. The Section headings used in this Agreement are for convenience of reference only and shall not affect the construction of this Agreement.

Section 28. Obligations Absolute. All obligations of each Pledgor hereunder shall be absolute and unconditional irrespective of:

(i) any bankruptcy, insolvency, reorganization, arrangement, readjustment, composition, liquidation or the like of any Pledgor or any other Obligor;

(ii) any lack of validity or enforceability of the Credit Agreement, any Swap Contract, any Letter of Credit or any other Credit Document, or any other agreement or instrument relating thereto;

(iii) any change in the time, manner or place of payment of, or in any other term of, all or any of the Secured Obligations, or any other amendment or waiver of or any consent to any departure from the Credit Agreement,

any Swap Contract, any Letter of Credit or any other Credit Document, or any other agreement or instrument relating thereto;

(iv) any pledge, exchange, release or non-perfection of any other collateral, or any release or amendment or waiver of or consent to any departure from any guarantee, for all or any of the Secured Obligations;

(v) any exercise, non-exercise or waiver of any right, remedy, power or privilege under or in respect of this Agreement, any Swap Contract or any other Credit Document except as specifically set forth in a waiver granted pursuant to the provisions of Section 19 hereof; or

(vi) any other circumstances which might otherwise constitute a defense available to, or a discharge of, any Pledgor.

Section 29. Administrative Agent's Right to Sever Indebtedness. (a) Each Pledgor acknowledges that (i) the Pledged Collateral does not constitute the sole source of security for the payment and performance of the Secured Obligations and that the Secured Obligations are also secured by other types of property of the Pledgors in other jurisdictions (all such property, collectively, the "Collateral"), (ii) the number of such jurisdictions and the nature of the transaction of which this instrument is a part are such that it would have been impracticable for the parties to allocate to each item of Collateral a specific loan amount and to execute in respect of such item a separate credit agreement and (iii) each Pledgor intends that the Administrative Agent have the same rights with respect to the Pledged Collateral, in any judicial proceeding relating to the exercise of any right or remedy hereunder or otherwise, that the Administrative Agent would have had if each item of Collateral had been pledged or encumbered pursuant to a separate credit agreement and security instrument. In furtherance of such intent, each Pledgor agrees to the greatest extent permitted by law that the Administrative Agent may at any time by notice (an "Allocation Notice") to such Pledgor allocate a portion of the Secured Obligations (the "Allocated Indebtedness") to all or a specified portion of the Pledged Collateral and sever from the remaining Secured Obligations the Allocated Indebtedness. From and after the giving of an Allocation Notice with respect to any of the Pledged Collateral, the Secured Obligations hereunder shall be limited to the extent set forth in the Allocation Notice and (as so limited) shall, for all

purposes, be construed as a separate credit obligation of such Pledgor unrelated to the other transactions contemplated by the Credit Agreement, any Swap Contract, any other Credit Document or any document related to any thereof. To the extent that the proceeds of any judicial proceeding relating to the exercise of any right or remedy hereunder of the Pledged Collateral shall exceed the Allocated Indebtedness, such proceeds shall belong to such Pledgor and shall not be available hereunder to satisfy any Secured Obligations of such Pledgor other than the Allocated Indebtedness. In any action or proceeding to exercise any right or remedy under this Agreement which is commenced after the giving by the Administrative Agent of an Allocation Notice, the Allocation Notice shall be conclusive proof of the limits of the Secured Obligations hereby secured, and such Pledgor may introduce, by way of defense or counterclaim, evidence thereof in any such action or proceeding. Notwithstanding any provision of this Section 29, the proceeds received by the Administrative Agent pursuant to this Agreement shall be applied by the Administrative Agent in accordance with the provisions of Section 13 hereof.

(b) Each Pledgor hereby waives to the greatest extent permitted under law the right to a discharge of any of the Secured Obligations under any statute or rule of law now or hereafter in effect which provides that the exercise of any particular right or remedy as provided for herein (by judicial proceedings or otherwise) constitutes the exclusive means for satisfaction of the Secured Obligations or which makes unavailable any further judgment or any other right or remedy provided for herein because the Administrative Agent elected to proceed with the exercise of such initial right or remedy or because of any failure by the Administrative Agent to comply with laws that prescribe conditions to the entitlement to such subsequent judgment or the availability of such subsequent right or remedy. In the event that, notwithstanding the foregoing waiver, any court shall for any reason hold that such subsequent judgment or action is not available to the Administrative Agent, no Pledgor shall (i) introduce in any other jurisdiction any judgment so holding as a defense to enforcement against such Pledgor of any remedy in the Credit Agreement, any Swap Contract or any other Credit Document or (ii) seek to have such judgment recognized or entered in any other jurisdiction, and any such judgment shall in all events be limited in application only to the state or jurisdiction where rendered and only with respect to the collateral referred to in such judgment.

(c) In the event any instrument in addition to the Allocation Notice is necessary to effectuate the provisions of

this Section 29 including, without limitation, any amendment to this Agreement, any substitute promissory note or affidavit or certificate of any kind, the Administrative Agent may execute and deliver such instrument as the attorney-in-fact of any Pledgor. Such power of attorney is coupled with an interest and is irrevocable.

(d) Notwithstanding anything set forth herein to the contrary, the provisions of this Section 29 shall be effective only to the maximum extent permitted by law.

Section 30. Future Advances. This Agreement shall secure the payment of any amounts advanced from time to time pursuant to the Credit Agreement.

IN WITNESS WHEREOF, the Pledgors and the Administrative Agent have caused this Agreement to be duly executed and delivered by their duly authorized officers as of the date first above written.

AEI RESOURCES HOLDING, INC.,
AEI RESOURCES, INC.,
AEI COAL SALES COMPANY, INC.,
each as Pledgor

BY: 

Name: William H. Haselhoff
Title: Vice President

APPLACHIAN REALTY COMPANY (f/k/a
Cyprus Southern Realty
Corporation),
AYRSHIRE LAND COMPANY,
COAL VENTURES HOLDING COMPANY,
INC.,
GRASSY COVE COAL MINING COMPANY,
MEADOWLARK, INC.,
MEGA MINERALS, INC.
MIDWEST COAL SALES COMPANY (f/k/a
Amax Coal Sales Company),
MID-VOL LEASING, INC.
PREMIUM PROCESSING, INC.
ROARING CREEK COAL COMPANY,
STRAIGHT CREEK COAL RESOURCES
COMPANY (f/k/a Cyprus Cumberland
Coal Corporation),
CC COAL COMPANY,
each as Pledgor

By: 

Name: William H. Haselhoff

Title: Vice President


BEECH COAL COMPANY,
CANNELTON, INC.,
CANNELTON INDUSTRIES, INC.,
CANNELTON LAND COMPANY,
CANNELTON SALES COMPANY,
DUNN COAL & DOCK COMPANY,
KANAWHA CORPORATION (f/k/a Cyprus
Kanawha Corporation),
MIDWEST COAL COMPANY (f/k/a Amax
Coal Company),
MOUNTAIN COALS CORPORATION (f/k/a
Cyprus Mountain Coals
Corporation),
WEST VIRGINIA-INDIANA COAL
HOLDING COMPANY, INC.,
each as Pledgor

By: _____

Name: Scott Dyer

Title: Vice President

HAYMAN HOLDINGS, INC.
KINDILL HOLDING, INC.
KINDILL MINING, INC.,
each as Pledgor

By: 
Name: Scott Dyer
Title: Vice President

AMERICOAL DEVELOPMENT COMPANY,
BELLAIRE TRUCKING COMPANY,
BLUEGRASS COAL DEVELOPMENT
COMPANY,
EAST KENTUCKY ENERGY CORPORATION,
ENCOAL CORPORATION,
ENERZ CORPORATION,
EVERGREEN MINING COMPANY,
FAIRVIEW LAND COMPANY,
FRANKLIN COAL SALES COMPANY,
HERITAGE MINING COMPANY,
PHOENIX LAND COMPANY,
PREMIUM COAL DEVELOPMENT COMPANY,
R. & F. COAL COMPANY,
SHIPYARD RIVER COAL TERMINAL
COMPANY,
TRITON COAL COMPANY,
TURRIS COAL COMPANY,
ZEIGLER COAL HOLDING COMPANY,
ZEIGLER ENVIRONMENTAL SERVICES
COMPANY,
ZEIGLER PROPERTY DEVELOPMENT
COMPANY,
ZENERGY, INC.,
each as Pledgor

By: 

Name: William H. Hazelhoff
Title: Vice President

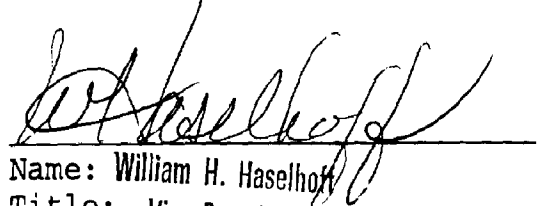
KERMIT COAL COMPANY,
MOUNTAINEER COAL DEVELOPMENT
COMPANY,
OLD BEN COAL COMPANY,
each as Pledgor

By: 
Name: Scott Dyer
Title: Vice President

BENTLEY COAL COMPANY,
SKYLINE COAL COMPANY,
KENTUCKY PRINCE MINING COMPANY,
each as Pledgor

By: GRASSY COVE COAL MINING
COMPANY,
ROARING CREEK COAL COMPANY,
each as General Partner of
each of the entities
listed above

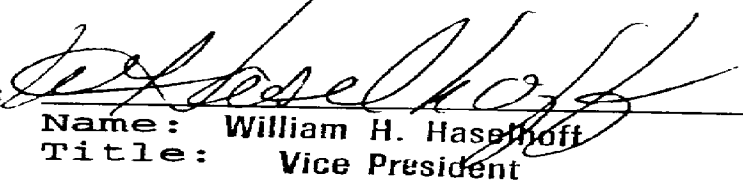
By:


Name: William H. Haselhoff
Title: Vice President

NUCOAL, LLC,
as Pledgor

By: AMERICOAL DEVELOPMENT
COMPANY
ENCOAL CORPORATION
each as Member

By:



Name: William H. Haselhoff
Title: Vice President

SCHEDULE I-A

PLEDGED SHARES
(AEI, CVHC, WVICH, ZCHC Companies)

PLEDGOR: AEI RESOURCES HOLDING, INC.

<u>Issuer</u>	<u>Class Of Stock</u>	<u>Certificate No.(s)</u>	<u>Number of Shares</u>	<u>Percentage of All Issued Capital or Other Equity Interests of Issuer</u>
AEI Resources, Inc.	Common	5	52,802	100%

SCHEDULE I-A (Cont.) - AEI

PLEDGOR: AEI RESOURCES, INC.

<u>Issuer</u>	<u>Class Of Stock</u>	<u>Certificate No.(s)</u>	<u>Number of Shares</u>	<u>Percentage of All Issued Capital or Other Equity Interests of Issuer</u>
AEI Coal Sales Company, Inc.	Common	1	100	100%
AEI Holding Company, Inc.	Common	8	52,800	100%
Coal Ventures Holding Company, Inc.	Common	3	100	100%
West Virginia - Indiana Coal Holding Company, Inc.	Common	3	100	100%
Zeigler Coal Holding Company	Common	172	28,500,000	100%

SCHEDULE I-A (Cont.) - CVHC

PLEDGOR: COAL VENTURES HOLDING COMPANY, INC.

<u>Issuer</u>	<u>Class Of Stock</u>	<u>Certificate No.(s)</u>	<u>Number of Shares</u>	<u>Percentage of All Issued Capital or Other Equity Interests of Issuer</u>
Appalachian Realty Company	Common	7	1,000	100%
Ayrshire Land	Common	7	10	100%
CC Coal Company	Common	2	100	100%
Grassy Cove Coal Mining	Common	7	1,000	100%
Meadowlark, Inc.	Common	41	700	100%
Mega Minerals, Inc.	Common	3	100	100%
Midwest Coal Sales Company	Common	7	10	100%
Mid-Vol Leasing, Inc.	Common	6	100	100%
Premium Processing, Inc.	Common	5	100	100%
Roaring Creek Coal Company	Common	7	10	100%
Straight Creek Coal Resources Company	Common	9	1,000	100%

SCHEDULE I-A (Cont.) - WVICH

PLEDGOR: CANNELTON, INC.

<u>Issuer</u>	<u>Class Of Stock</u>	<u>Certificate No.(s)</u>	<u>Number of Shares</u>	<u>Percentage of All Issued Capital or Other Equity Interests of Issuer</u>
Cannelton Industries, Inc.	Common	18	26,159	100%
Cannelton Land Company	Common	2	10	100%
Cannelton Sales Company	Common	3	100	100%

SCHEDULE I-A (Cont.) - WVICH

PLEDGOR: CANNELTON INDUSTRIES, INC.

<u>Issuer</u>	<u>Class Of Stock</u>	<u>Certificate No.(s)</u>	<u>Number of Shares</u>	<u>Percentage of All Issued Capital or Other Equity Interests of Issuer</u>
Dunn Coal & Dock Company	Common	2	20	100%

SCHEDULE I-A (Cont.) - WVICH

PLEDGOR: KINDILL HOLDING, INC.

<u>Percentage of All Issued Capital or Other Equity Interests of Issuer</u>
100%

<u>Number of Shares</u>
1,000

<u>Certificate No.(s)</u>
9

<u>Class Of Stock</u>
Common

<u>Issuer</u>
Kindill Mining, Inc.

/ /

/ /

SCHEDULE I-A (Cont.) - WVICH

PLEDGOR: KINDILL MINING, INC.

<u>Issuer</u>	<u>Class Of Stock</u>	<u>Certificate No.(s)</u>	<u>Number of Shares</u>	<u>Percentage of All Issued Capital or Other Equity Interests of Issuer</u>
Algers, Winslow and Western Railway Company	Common	157	2,496	49.92%

SCHEDULE I-A (Cont.) - WVICH

PLEDGOR: MIDWEST COAL COMPANY

<u>Issuer</u>	<u>Class Of Stock</u>	<u>Certificate No.(s)</u>	<u>Number of Shares</u>	<u>Percentage of All Issued Capital or Other Equity Interests of Issuer</u>
Yankeetown Dock Corporation	Common	10	600	60%

SCHEDULE I-A (Cont.) - WVICH

PLEDGOR: WEST VIRGINIA-INDIANA COAL HOLDING COMPANY, INC.

<u>Issuer</u>	<u>Class Of Stock</u>	<u>Certificate No.(s)</u>	<u>Number of Shares</u>	<u>Percentage of All Issued Capital or Other Equity Interests of Issuer</u>
Beech Coal Company	Common	7	1,000	100%
Cannelton, Inc.	Common	6	10	100%
Hayman Holdings, Inc.	Common	13	1,000	100%
Kanawha Corporation	Common	5	100	100%
Kindill Holding, Inc.	Common	13	10,000	100%
Midwest Coal Company	Common	6	100	100%
Mountain Coals Corporation	Common	11	1,000	100%

SCHEDULE I-A (Cont.) - ZCHC

PLEDGOR: BLUEGRASS COAL DEVELOPMENT COMPANY

<u>Issuer</u>	<u>Class Of Stock</u>	<u>Certificate No.(s)</u>	<u>Number of Shares</u>	<u>Percentage of All Issued Capital or Other Equity Interests of Issuer</u>
Bellaire Trucking Company	Common	4	1,000	100%
East Kentucky Energy Corporation	Common	8	10	100%
Encoal Corporation	Common	3	1,000	100%
Evergreen Mining Company	Common	6	1,000	100%
Heritage Mining Company	Common	2	100	100%
Kermit Coal Company	Common	10	100	100%
Mountaineer Coal Development Company	Common	7	100	100%
R. & F. Coal Company	Common	6	1,000	100%
Shipyard River Coal Terminal Company	Common	8	100	100%
Triton Coal Company	Common	4	1,000	100%
Turris Coal Company	Common	4	600	100%

SCHEDULE I-A (Cont.) - ZCHC

PLEDGOR: FRANKLIN COAL SALES COMPANY

<u>Issuer</u>	<u>Class Of Stock</u>	<u>Certificate No.(s)</u>	<u>Number of Shares</u>	<u>Percentage of All Issued Capital or Other Equity Interests of Issuer</u>
Franklin Coal International, Inc.	Common	3	1,000	100% (pledging 65%)

SCHEDULE I-A (Cont.) - ZCHC

PLEDGOR: ZEIGLER COAL HOLDING COMPANY

<u>Issuer</u>	<u>Class Of Stock</u>	<u>Certificate No.(s)</u>	<u>Number of Shares</u>	<u>Percentage of All Issued Capital or Other Equity Interests of Issuer</u>
Americoal Development Company	Common	2	1,000	100%
Bluegrass Coal Development Company	Common	8	2,000	100%
EnerZ Corporation	Common	1	1,000	100%
Fairview Land Company	Common	1	1,000	100%
Franklin Coal Sales Company	Common	5	1,000	100%
Old Ben Coal Company	Common	4	10	100%
Phoenix Land Company	Common	1	1,000	100%
Premium Coal Development Company	Common	1	1,000	100%
Zeigler Environmental Services Company	Common	1	1,000	100%
Zeigler International, Inc.	N/A	002	2	100% (pledging 65%)
Zeigler Property Development Company	Common	1	1,000	100%
Zenergy, Inc.	Common	2	1,000	100%

TRADEMARK
REEL: 1803 FRAME: 0818

SCHEDULE I-B

**PLEDGED INTERESTS
(CVHC Companies)**

PLEDGOR: GRASSY COVE COAL MINING COMPANY

<u>Issuer</u>	<u>Type Of Interest</u>	<u>Pledgor's Percentage of Equity Interest</u>
Bentley Coal Company	Partnership Interest	50%
Kentucky Prince Mining Company	Partnership Interest	50%
Skyline Coal Company	Partnership Interest	50%

SCHEDULE I-B (Cont.) - CVHC

PLEDGOR: ROARING CREEK COAL COMPANY

<u>Issuer</u>	<u>Type Of Interest</u>	<u>Pledgor's Percentage of Equity Interest</u>
Bentley Coal Company	Partnership Interest	50%
Kentucky Prince Mining Company	Partnership Interest	50%
Skyline Coal Company	Partnership Interest	50%

SCHEDULE I-B (Cont.) - ZCHC

PLEDGOR: AMERICOAL DEVELOPMENT COMPANY

<u>Issuer</u>	<u>Type Of Interest</u>	<u>Pledgor's Percentage of Equity Interest</u>
NuCoal, LLC	Member	50%

SCHEDULE I-B (Cont.) - ZCHC

PLEDGOR: BLUEGRASS COAL DEVELOPMENT COMPANY

<u>Issuer</u>	<u>Type Of Interest</u>	<u>Pledgor's Percentage of Equity Interest</u>
TEK-KOL Partnership	Partnership Interest	50%
G-S Lignite Partnership	Partnership Interest	50%

SCHEDULE I-B (Cont.) - ZCHC

PLEDGOR: ENCOAL CORPORATION

Issuer

NuCoal, LLC

Type Of Interest

Member

Pledgor's Percentage of Equity Interest

50%

SCHEDULE I-B (Cont.) - ZCHC

PLEDGOR: ZENERGY, INC.

Issuer

Louisiana Generating LLC

Type Of Interest

Member

Pledgor's Percentage of Equity Interest

30%

TRADEMARK
REEL: 1803 FRAME: 0825

SCHEDULE II

Intercompany Notes

NONE

TRADEMARK
REEL: 1803 FRAME: 0827

SCHEDULE III**Patents****PLEDGOR: ZEIGLER COAL HOLDING COMPANY****Registrations:**

<u>Patent Number</u>	<u>Issue Date</u>	<u>Country</u>	<u>Description</u>
5,145,236	09/08/92	U.S.	Method and Apparatus for Controlling Dust Produced by a Continuous Miner
92/06721	03/30/94	S. Africa	Method and Apparatus for Controlling Dust Produced by a Continuous Miner
4,617,744	10/21/86	U.S.	Elongated Slot Dryer for Wet Particulate Material
5,242,470	09/07/93	U.S.	Palletizing Coal on Coke with Starch Particles
5,364,421	11/15/94	U.S.	Coal Blends Having Improved Ash Viscosity
5,219,208	06/15/93	U.S.	Scrubber for Dispersing Dust Generated by Longwall Shearers
5,547,548	08/20/96	U.S.	Pyrolysis Process Water Utilization
5,582,807	12/10/96	U.S.	Method and Apparatus for Removing Particulate and Gaseous Pollutants from a Gas Stream
5,730,069	03/24/98	U.S.	Lean Fuel Combustion Control Method
605,302	04/29/91	Australia	Low Rank Coal by Wet Oxidizing, Drying and Cooling

SCHEDULE III (Cont.)

0,345,387	07/13/92	Austria	Low Rank Coal by Wet Oxidizing, Drying and Cooling
1,339,051	07/29/97	Canada	Low Rank Coal by Wet Oxidizing, Drying and Cooling
88,103,998	11/07/93	China	Low Rank Coal by Wet Oxidizing, Drying and Cooling
0,345,387	07/13/92	Europe	Low Rank Coal by Wet Oxidizing, Drying and Cooling
0,345,387	07/13/92	France	Low Rank Coal by Wet Oxidizing, Drying and Cooling
P3873913508	07/13/92	France	Low Rank Coal by Wet Oxidizing, Drying and Cooling
Allowed	Pending File	India	Low Rank Coal by Wet Oxidizing, Drying and Cooling
0,345,387	07/13/92	Italy	Low Rank Coal by Wet Oxidizing, Drying and Cooling
0,345,387	07/13/92	Sweden	Low Rank Coal by Wet Oxidizing, Drying and Cooling
23,425	06/17/89	Turkey	Low Rank Coal by Wet Oxidizing, Drying and Cooling
0,345,387	07/13/92	U.K.	Low Rank Coal by Wet Oxidizing, Drying and Cooling
4,725,991	02/16/88	U.S.	Method for Controlling Blasting Operations
1,314,608	03/16/93	Canada	Low Rank Coal by Wet Oxidizing, Drying and Cooling
156,291	02/25/91	Poland	Low Rank Coal by Wet Oxidizing, Drying and Cooling

SCHEDULE III (Cont.)

PLEDGOR: SMC MINING COMPANY (now known as Bluegrass Coal Development Company)

<u>Patent Number</u>	<u>Issue Date</u>	<u>Country</u>	<u>Description</u>
4,797,136	01/10/89	U.S.	Low Rank Coal by Wet Oxidizing Drying and Cooling
4,582,511	04/15/86	U.S.	Process for Suppressing the Dusting of Coal
4,612,800	09/23/86	U.S.	Slurry Viscometer
4,750,913	06/14/88	U.S.	Cooling of Dried Coal
4,793,656	12/27/88	U.S.	In-Situ Coal Drying
3,992,784	11/23/76	U.S.	Thermal Dewatering of Brown Coal
4,459,762	07/17/84	U.S.	Solvent Dewatering Coal
4,285,140	08/25/81	U.S.	Dewatering and Upgrading Low Rank Coal by a Two-Step Hydrothermal Treatment
4,422,246	12/27/83	U.S.	Process for Feeding Slurry-Pressurized and Solvent-Dewatered Coal Into a Pressurized Zone

SCHEDULE III (Cont.)

PLEDGOR: MOUNTAINEER COAL DEVELOPMENT COMPANY
(Patent Office shows Marrowbone Development Company as Owner)

<u>Patent Number</u>	<u>Issue Date</u>	<u>Country</u>	<u>Description</u>
5,039,315	08/13/91	U.S.	Method and Apparatus for Separating Particulates from a Gas Stream
5,064,022	11/12/91	U.S.	Ladder Apparatus and Method for large Mobile Equipment

TRADEMARK
REEL: 1803 FRAME: 0831

TRADEMARK
REEL: 1803 FRAME: 0832

SCHEDULE IV

Trademarks

OWNER: ENCOAL CORPORATION

<u>Registration Number</u>	<u>Issue Date</u>	<u>Country</u>	<u>Description</u>
1995442	08/20/96	U.S.	ENCOAL
2071102	06/17/97	U.S.	ENCOAL

SCHEDULE IV (Cont.)

Trademarks

OWNER: ENERZ CORPORATION

<u>Registration Number</u>	<u>Issue Date</u>	<u>Country</u>	<u>Description</u>
Pending	(app. #230611) 01/24/97	U.S.	ENERZ

SCHEDULE IV (Cont.)

Trademarks

OWNER: ZEIGLER COAL HOLDING COMPANY

<u>Registration Number</u>	<u>Issue Date</u>	<u>Country</u>	<u>Description</u>
Pending	(app. #287080) 05/06/97	U.S.	MINETENANCE
1813346	12/28/93	U.S.	ZEIGLER
1838208	05/31/94	U.S.	ZEIGLER

TRADEMARK
REEL: 1803 FRAME: 0836

SCHEDULE V

Copyrights

NONE

TRADEMARK
REEL: 1803 FRAME: 0838

SCHEDULE VI

Intellectual Property Licenses

PLEDGOR: BLUEGRASS COAL DEVELOPMENT COMPANY ("BCDC")

License Agreement dated January 16, 1998, between Mole-Master Services Corporation and BCDC granting BCDC a license to use the following patents:

<u>Patent Number</u>	<u>Issue Date</u>	<u>Country</u>	<u>Description</u>
4,764,221	08/16/88	U.S.	Silo Cleaning Apparatus
4,942,982	07/24/90	U.S.	Silo Cleaning Apparatus

PLEDGOR: ZEIGLER COAL HOLDING COMPANY ("ZCHC")

- ▶ LCMPA Software License
- ▶ Software License Agreement dated May 25, 1994, between MINCOM USA INC. ("Mincom") and ZCHC granting a perpetual, non-transferable license to ZCHC for the following software items:
 - ▶ Minescape Core Functions
 - ▶ MAGICAD
 - ▶ Stratmodel
 - ▶ Geologic Database
 - ▶ O.C. Plan
 - ▶ U.G. Plan
 - ▶ Reclamation
 - ▶ Minestar Scheduling

TRADEMARK
REEL: 1803 FRAME: 0840

SCHEDULE VII

FINANCIAL ACCOUNTS
CHECKING, INVESTMENT AND HEDGING ACCOUNTS
(CVHC, WVICH, ZCHC)

PLEDGOR: COAL VENTURES HOLDING COMPANY, INC.

<u>Name of Financial Institution</u>	<u>Address and ABA Number</u>	<u>Account Name and Number</u>
<u>AEI Coal Sales, Company Inc.</u>		
None	N/A	N/A
<u>AEI Holding Company, Inc.</u>		
Kentucky Bank & Trust	900 Diederich Blvd. Russell, KY 41169 042101925	06-544-7
Provident Bank	One E. Fourth St. 446B Cincinnati, OH 45202 042202426	Lock Box 06-542-0 Sweep Acct/Lock Box 0467-995
<u>AEI Resources, Inc.</u>		
Provident Bank	One E. Fourth St. 446B Cincinnati, OH 45202 042202426	0467-424
<u>Appalachian Realty Company</u>		
Provident Bank	One E. Fourth St. 446B Cincinnati, OH 45202 042202426	0466-872

SCHEDULE VII (Cont.) - CVHC

<u>Name of Financial Institution</u>	<u>Address and ABA Number</u>	<u>Account Name and Number</u>
<u>Ayrshire Land Company</u>		
Provident Bank	One E. Fourth St. 446B Cincinnati, OH 45202 042202426	0466-913
First Farmers State Bank	15 S. Main St. Sullivan, IN 47882	8500123862
Prudential Securities	Washington-Farragut 815 Connecticut Ave., NW Suite 300 Washington, DC 20006	Hedging Acct. TFJ001565-60
<u>Bentley Coal Company (Partnership)</u>		
Provident Bank	One E. Fourth St. 446B Cincinnati, OH 45202 042202426	0466-947
<u>CC Coal Company</u>		
Provident Bank	One E. Fourth St. 446B Cincinnati, OH 45202 042202426	0468-042

SCHEDULE VII (Cont.) - CVHC

Name of Financial Institution

Address and ABA Number

Account Name and Number

Coal Ventures Holding Company, Inc.

Provident Bank

One E. Fourth St. 446B
Cincinnati, OH 45202
042202426

Sweep Acct./Lock Box
0466-864

Employee benefits
0467-565

Lock Box address
P.O. Box 691525
Cincinnati, OH 45269-1525

Medical benefits
0467-581

Grassy Cove Coal Mining Company

Provident Bank

One E. Fourth St. 446B
Cincinnati, OH 45202
042202426

0466-921

Kentucky Prince Mining Company (Partnership)

Provident Bank

One E. Fourth St. 446B
Cincinnati, OH 45202
042202426

0466-955

Meadowlark, Inc.

Provident Bank

One E. Fourth St. 446B
Cincinnati, OH 45202
042202426

0466-898

Mega Minerals, Inc.

One Valley Bank of Mercer County

Courthouse Sq.
Princeton, WV 24740
051900353

057490

SCHEDULE VII (Cont.) - CVHC

<u>Name of Financial Institution</u>	<u>Address and ABA Number</u>	<u>Account Name and Number</u>
Provident Bank	One E. Fourth St. 446B Cincinnati, OH 45202 042202426	0468-141
<u>Mid-Vol Leasing, Inc.</u>		
One Valley Bank of Mercer County	Courthouse Sq. Princeton, WV 24740 051900353	043696
Provident Bank	One E. Fourth St. 446B Cincinnati, OH 45202 042202426	0468-076
<u>Midwest Coal Sales Company</u>		
First National Bank & Trust	101 W. National Avenue Brazil, IN 47834	000419222
National City Bank of Evansville	21 S.E. Third St. Evansville, IN 47708 0863000025	17603489
Provident Bank	One E. Fourth St. 446B Cincinnati, OH 45202 042202426	220802598
<u>Premium Processing, Inc.</u>		
First Century Bank, N.A.	600 Federal St. Bluefield, WV 24701	0466-880
		636981
		646970

SCHEDULE VII (Cont.) - CVHC

<u>Name of Financial Institution</u>	<u>Address and ABA Number</u>	<u>Account Name and Number</u>
Provident Bank	One E. Fourth St. 446B Cincinnati, OH 45202 042202426	0468-050
<u>Roaring Creek Coal Company</u>		
Provident Bank	One E. Fourth St. 446B Cincinnati, OH 45202 042202426	0466-939
<u>Skyline Coal Company (Partnership)</u>		
Citizens Tri-Co Bank	37 Rankin Avenue Dunlap, TN 37327	002458-064102070
Provident Bank	One E. Fourth St. 446B Cincinnati, OH 45202 042202426	00220-510-6 0466-963
<u>Straight Creek Coal Resources Company</u>		
NationsBank	800 Market St., 14th Fl. St. Louis, MO 63101	100818484
Provident Bank	One E. Fourth St. 446B Cincinnati, OH 45202 042202426	0466-905

SCHEDULE VII (Cont.) - WVICH

PLEDGOR: WVICH COMPANIES

<u>Name of Financial Institution</u>	<u>Address and ABA Number</u>	<u>Account Name and Number</u>
<u>Beech Coal Co. - Sycamore Mine</u>		
Security Bank & Trust	P.O. Box 246 Bicknell, IN 47512	110-1447
Provident Bank	One E. Fourth St. 446B Cincinnati, OH 45202 042202426	0467-052
<u>Cannelton Inc.</u>		
Chemical Bank Delaware	1201 Market St. Wilmington, DE 19801	6301-435792-509
One Valley Bank	Summers & Lee St. Charleston, WV 25326	000665 467 5
Provident Bank	One E. Fourth St. 446B Cincinnati, OH 45202 042202426	000656 826 5
<u>Cannelton Industries, Inc.</u>		
One Valley Bank	Summers & Lee St. Charleston, WV 25326	000579 598 4

SCHEDULE VII (Cont.) - WVICH

<u>Name of Financial Institution</u>	<u>Address and ABA Number</u>	<u>Account Name and Number</u>
Provident Bank	One E. Fourth St. 446B Cincinnati, OH 45202 042202426	0467-010
<u>Cannelton Land Company</u>	(No info)	
Provident Bank	One E. Fourth St. 446B Cincinnati, OH 45202 042202426	0466-989
<u>Cannelton Sales Company</u>		
Provident Bank	One E. Fourth St. 446B Cincinnati, OH 45202 042202426	0467-002
<u>Dunn Coal and Dock Company</u>		
Provident Bank	One E. Fourth St. 446B Cincinnati, OH 45202 042202426	0467-028
<u>Hayman Holdings, Inc.</u>		
South Central Bank	2715 Frederica St. Owensboro, KY 42301 083902442	General Checking 00301811
<u>Kanawha Corporation</u>		
Merchants National Bank	4th Ave. & Washington St. Montgomery, WV 25136	820177

SCHEDULE VII (Cont.) - WVICH

Name of Financial Institution

Address and ABA Number

Account Name and Number

Provident Bank

One E. Fourth St. 446B
Cincinnati, OH 45202
042202426

0467-044

Kindill Holding, Inc.

National City Bank

21 Southeast Third St.
Evansville, IN 47708
086300025

General Checking
17608670

Kindill Mining, Inc.

Mellon Bank, N.A.

Two Mellon Bank CenterRoom 230
Pittsburgh, PA 15259-0001
043000261

Lock Box
990-3302

General Checking
036-9182

Money Market
S037213WO-00CP

Working Capital
0990-3572

Restricted Working Capital
0990-3927

SCHEDULE VII (Cont.) - WVICH

Name of Financial Institution

National City Bank

21 Southeast Third St.
Evansville, IN 47708
086300025

Account Name and Number

General Account
17608791

Payroll
1760162

Insurance Claims
17608593

Midwest Coal Company

Provident Bank

One E. Fourth St. 446B
Cincinnati, OH 45202
042202426

0467-060

Mountain Coals Corporation

Peoples Bank & Trust Co.

524 Main St.
Hazard, KY 41701

017-761-8

Provident Bank

One E. Fourth St. 446B
Cincinnati, OH 45202
042202426

0467-036

SCHEDULE VII (Cont.) - WVICH

<u>Name of Financial Institution</u>	<u>Address and ABA Number</u>	<u>Account Name and Number</u>
<u>West Virginia-Indiana Coal Holding Company, Inc.</u>		
Provident Bank	One E. Fourth St. 446B Cincinnati, OH 45202 042202426	Sweep Acct./Lock Box 0466-971
	Lock Box Address P.O. Box 691383 Cincinnati, OH 45269-1383	Employee Benefits 0467-557
		Medical Benefits 0467-573
<u>Yankeetown Dock Corporation</u>		
Bank One, Indiana, NA	450 E. Washington St. Indianapolis, IN 46277-0224	193905700
National City Bank of Indiana	101 W. Washington St. Indianapolis, IN 46255-5770	60 00009060339
Old National Bank	Evansville, IN 47705	417001142
Provident Bank	One E. Fourth St. 446B Cincinnati, OH 45202 042202426	0467-078

SCHEDULE VII (Cont.) - ZCHC

PLEDGOR: ZEIGLER COAL HOLDING COMPANY

Name of Financial Institution

Address and ABA Number

Account Name and Number

All Zeigler Companies

Mercantile Bank

One Mercantile Center
St. Louis, MO 63101
081000210

Lock Box 6467

Lock Box 6460

Lock Box 6453

100111081-4

Americoal Development Company

NationsBank

800 Market St., 14th Fl.
St. Louis, MO 63101
111000012

A/P Nation's
3299918351

Bellaire Trucking Company

NationsBank

800 Market St., 14th Fl.
St. Louis, MO 63101
111000012

A/P Nation's
3299918492

Bluegrass Coal Development Company

Fifth Third Bancorp Bank

Beaumont Banking Center
3601 Harrodsburg Rd.
Lexington, KY 40513

Working Fund
82557370

NationsBank

800 Market St., 14th Fl.
St. Louis, MO 63101
111000012

A/P Nation's
3299918484

SCHEDULE VII (Cont.) - ZCHC

<u>Name of Financial Institution</u>	<u>Address and ABA Number</u>	<u>Account Name and Number</u>
<u>East Kentucky Energy Corporation</u>		
NONE	N/A	N/A
<u>Encoal Corporation</u>		
NationsBank	800 Market St., 14th Fl. St. Louis, MO 63101 111000012	A/P Nation's 3299918476
<u>EnerZ Corporation</u>		
Bank of America	231 S. LaSalle St. Chicago, IL 60697 071000040	Master 73-14949
Citibank (NY)	N/A	Petty Cash 19263558
Master Card (Nations)	N/A	Credit Card 475-7554-8902-843
NationsBank	800 Market St., 14th Fl. St. Louis, MO 63101 111000012	A/P Nation's 3299918690
<u>Evergreen Mining Company</u>		
NationsBank	800 Market St., 14th Fl. St. Louis, MO 63101 111000012	Master Nation's 3750939091
		A/P Nation's 329918468

SCHEDULE VII (Cont.) - ZCHC

<u>Name of Financial Institution</u>	<u>Address and ABA Number</u>	<u>Account Name and Number</u>
One Valley Bank of Summersville, Inc.	611 Main St. Summersville, WV 26651	Working Fund 60601
PNC Bank	Two PNC Plaza 620 Liberty Ave. Pittsburgh, PA 15265 043000096	Genelco/Westport Benefits 1004388297
<u>Fairview Land Company</u>		
NONE	N/A	N/A
<u>Franklin Coal International, Inc.</u>		
NONE	N/A	N/A
<u>Franklin Coal Sales Company</u>		
NationsBank	800 Market St., 14th Fl. St. Louis, MO 63101 111000012	A/P Nation's 3299918641
<u>Heritage Mining Company</u>		
NationsBank	800 Market St., 14th Fl. St. Louis, MO 63101 111000012	A/P Nation's 3299918344
<u>Kermit Coal Company</u>		
NationsBank	800 Market St., 14th Fl. St. Louis, MO 63101 111000012	A/P Nation's 3299918443

SCHEDULE VII (Cont.) - ZCHC

<u>Name of Financial Institution</u>	<u>Address and ABA Number</u>	<u>Account Name and Number</u>
PNC Bank	Two PNC Plaza 620 Liberty Ave. Pittsburgh, PA 15265 043000096	Genelco/Westport Benefits 1002434851
<u>Louisiana Generating, LLC</u>	N/A	N/A
<u>Mountaineer Coal Development Company</u>		
NationsBank	800 Market St., 14th Fl. St. Louis, MO 63101 111000012	A/P Nation's 3299918542
One Valley Bank	One Valley Sq. Summers & Lee St. Charleston, WV 23501	Working Fund Account 1001214863
Inez Deposit Bank	Main St. Inez, KY 41224	11-341-7
<u>Marrowbone Development Company (Division)</u>		
Bank of Mingo	U.S. 52 & State Rte. 65 Naughtuok, WV 25685	Petty Cash 00-423-5
NationsBank	800 Market St., 14th Fl. St. Louis, MO 63101 111000012	A/P Nation's 3299918427

SCHEDULE VII (Cont.) - ZCHC

<u>Name of Financial Institution</u>	<u>Address and ABA Number</u>	<u>Account Name and Number</u>
PNC Bank	Two PNC Plaza 620 Liberty Ave. Pittsburgh, PA 15265 043000096	Genelco/Westport Benefits 1000312615
<u>Pier IX Terminal Company (Division)</u>		
NationsBank	800 Market St., 14th Fl. St. Louis, MO 63101 111000012	A/P Nation's 3299918419
<u>Wolf Creek Collieries Company (Division)</u>		
Inez Deposit Bank	Main St. Inex, KY 41224	Petty Cash 11-341-7
NationsBank	800 Market St., 14th Fl. St. Louis, MO 63101 111000012	A/P Nation's 3299918401
PNC Bank	Two PNC Plaza 620 Liberty Ave. Pittsburgh, PA 15265 043000096	Genelco/Westport Benefits 1000312623
<u>NuCoal, LLC</u>		
NationsBank	800 Market St., 14th Fl. St. Louis, MO 63101 111000012	A/P Nation's 3299916967

SCHEDULE VII (Cont.) - ZCHC

<u>Name of Financial Institution</u>	<u>Address and ABA Number</u>	<u>Account Name and Number</u>
<u>Old Ben Coal Company</u>		
First National Bank of Coulterville	4th & Maple St. Coulterville, IL 62237	Petty Cash 0015-354-0
Matewan National Bank (WV)	600 Mate St. Matewan, WV 25678	Petty Cash 136409
NationsBank (IL, IN, WV)	800 Market St., 14th Fl. St. Louis, MO 63101 111000012	AP/Nation's 3299918369
		A/P Nation's 3299918393
		A/P Nation's 3299918385
		A/P Nation's 3299918377
PNC Bank	Two PNC Plaza 620 Liberty Ave. Pittsburgh, PA 15265 043000096	Genelco/Westport Benefits 1000312607
		Westport Benefits, LLC (pre-acq.) 1006787852
		Westport Benefits, LLC (post-acq.) 1006797879

SCHEDULE VII (Cont.) - ZCHC

<u>Name of Financial Institution</u>	<u>Address and ABA Number</u>	<u>Account Name and Number</u>
<u>Phoenix Land Company</u> NationsBank	800 Market St., 14th Fl. St. Louis, MO 63101 111000012	A/P Nation's 3299918732
<u>Premium Coal Development Company</u> NONE	N/A	N/A
<u>R & F Coal Company</u> National City Bank of Columbus	155 E. Broad St. Columbus, OH 43251	Workers' Comp. 1826605
NationsBank	800 Market St., 14th Fl. St. Louis, MO 63101 111000012	Working Fund Account 840893083 A/P Nation's 3299918740
PNC Bank	Two PNC Plaza 620 Liberty Ave. Pittsburgh, PA 15265 043000096	Westport Benefits 1004419671

SCHEDULE VII (Cont.) - ZCHC

<u>Name of Financial Institution</u>	<u>Address and ABA Number</u>	<u>Account Name and Number</u>
<u>Shipyard River Coal Terminal Company</u>		
First Citizens Bank	1230 Main St. Columbia, SC 29202	Petty Cash 79014268101
NationsBank	800 Market St., 14th Fl. St. Louis, MO 63101 111000012	A/P Nation's 3299918724
Pikeville National Bank	208 N. Mayo Trail Pikeville, KY 41501	1086659201
PNC Bank	Two PNC Plaza 620 Liberty Ave. Pittsburgh, PA 15265 043000096	Accordia 1004402431
<u>Pike County Coal Corporation (Division)</u>		
NationsBank	800 Market St., 14th Fl. St. Louis, MO 63101 111000012	A/P Nation's 3299916450
Pikeville National Bank	208 N. Mayo Trail Pikeville, KY 41501	Petty Cash 108659201

SCHEDULE VII (Cont.) - ZCHC

<u>Name of Financial Institution</u>	<u>Address and ABA Number</u>	<u>Account Name and Number</u>
<u>Triton Coal Company</u>		
First Interstate Bank of Commerce	222 S. Gillette Ave. Gillette, WY 82717	Petty Cash 361110711
NationsBank	800 Market St., 14th Fl. St. Louis, MO 63101 111000012	A/P Nation's 3299918716
<u>Turris Coal Company</u>		
Illini Bank North	120 Governor Oglesby Elkhart, IL 62634	Working Fund Account 80138673
NationsBank	800 Market St., 14th Fl. St. Louis, MO 63101 111000012	A/P Nation's 3299918708
PNC Bank	Two PNC Plaza 620 Liberty Ave. Pittsburgh, PA 15265 043000096	Genelco/Westport Benefits 1000312631
<u>Zeigler Coal Holding Company</u>		
Bank of America	231 S. LaSalle St. Chicago, IL 60697 071000039	Master 78-20151

SCHEDULE VII (Cont.) - ZCHC

Name of Financial Institution

NationsBank

800 Market St., 14th Fl.
St. Louis, MO 63101
111000012

PNC Bank

Two PNC Plaza
620 Liberty Ave.
Pittsburgh, PA 15265
043000096

Zeigler Environmental Services Company

Magna Bank, N.A.

Sesser Banking Center
201 S. Park
Sesser, IL 62884

NationsBank

800 Market St., 14th Fl.
St. Louis, MO 63101
111000012

Zeigler International, Inc.

ScotiaBank - Charlotte Amalie Branch

214 C. Altona & Weigunst
St. Thomas, VI 00804

Zeigler Property Development Company

NationsBank

800 Market St., 14th Fl.
St. Louis, MO 63101
111000012

Account Name and Number

Master Nation's
3750773817

A/P Nation's
3299918666

Genelco/Westport Benefits
1000312584

PNC - Master (funding acct)
1000312586

Cashier Working Account
3545700531

A/P Nation's
3299910671

Petty Cash
74000438

A/P Nation's
3299925828

SCHEDULE VII (Cont.) - ZCHC

Name of Financial Institution

Zenergy, Inc.

NONE

Address and ABA Number

N/A

Account Name and Number

N/A

TRADEMARK
REEL: 1803 FRAME: 0862

Annex A

Filings with granting language from the Security Agreement only

Jurisdiction

Company

Arkansas: Calhoun County	Bluegrass Coal Development Company
Arkansas: Saline County	Fairview Land Company
California Secretary of State	Ayrshire Land Company
California: Monterey County	Ayrshire Land Company
Colorado Secretary of State	Franklin Coal Sales Company
Colorado Secretary of State	Grassy Cove Coal Mining Company
Colorado Secretary of State	Meadowlark, Inc.
Colorado Secretary of State	Roaring Creek Coal Company
Connecticut Secretary of State	AEI Coal Sales Company, Inc.
Connecticut Secretary of State	AEI Resources, Inc.
Connecticut Secretary of State	Americoal Development Company
Connecticut Secretary of State	Appalachian Realty Company f/k/a Cyprus Southern Realty Corporation
Connecticut Secretary of State	Ayrshire Land Company
Connecticut Secretary of State	Beech Coal Company
Connecticut Secretary of State	Bellaire Trucking Company
Connecticut Secretary of State	Bluegrass Coal Development Company
Connecticut Secretary of State	Cannelton Industries, Inc.
Connecticut Secretary of State	Cannelton Land Company
Connecticut Secretary of State	Cannelton Sales Company
Connecticut Secretary of State	Cannelton, Inc.

Jurisdiction

Company

Connecticut Secretary of State

CC Coal Company

Connecticut Secretary of State

Coal Ventures Holding Company, Inc.

Connecticut Secretary of State

Dunn Coal & Dock Company

Connecticut Secretary of State

East Kentucky Energy Corporation

Connecticut Secretary of State

Encoal Corporation

Connecticut Secretary of State

EnerZ Corporation

Connecticut Secretary of State

Evergreen Mining Company

Connecticut Secretary of State

Fairview Land Company

Connecticut Secretary of State

Franklin Coal International, Inc.

Connecticut Secretary of State

Franklin Coal Sales Company

Connecticut Secretary of State

Grassy Cove Coal Mining Company

Connecticut Secretary of State

Hayman Holdings, Inc.

Connecticut Secretary of State

Heritage Mining Company

Connecticut Secretary of State

Kanawha Corporation f/k/a Cyprus
Kanawha Corporation

Connecticut Secretary of State

Kermit Coal Company

Connecticut Secretary of State

Kindill Holding, Inc.

Connecticut Secretary of State

Kindill Mining, Inc.

Connecticut Secretary of State

Meadowlark, Inc.

Connecticut Secretary of State

Mega Minerals, Inc.

Connecticut Secretary of State

Mid-Vol Leasing, Inc.

Jurisdiction

Company

Connecticut Secretary of State

Midwest Coal Company f/k/a Amax
Coal Company

Connecticut Secretary of State

Midwest Coal Sales Company f/k/a
Amax Coal Sales Company

Connecticut Secretary of State

Mountain Coals Corporation f/k/a
Cyprus Mountain Coals Corporation

Connecticut Secretary of State

Mountaineer Coal Development
Company

Connecticut Secretary of State

Old Ben Coal Company

Connecticut Secretary of State

Phoenix Land Company

Connecticut Secretary of State

Premium Coal Development Company

Connecticut Secretary of State

Premium Processing, Inc.

Connecticut Secretary of State

R. & F. Coal Company

Connecticut Secretary of State

Roaring Creek Coal Company

Connecticut Secretary of State

Shipyard River Coal Terminal Company

Connecticut Secretary of State

Straight Creek Coal Resources
Company f/k/a Cyprus Cumberland
Coal Corporation

Connecticut Secretary of State

Triton Coal Company

Connecticut Secretary of State

Turriss Coal Company

Connecticut Secretary of State

West Virginia-Indiana Coal Holding
Company, Inc.

Connecticut Secretary of State

Yankeetown Dock Corporation

Connecticut Secretary of State

Zeigler Coal Holding Company

Jurisdiction

Company

Connecticut Secretary of State	Zeigler Environmental Services Company
Connecticut Secretary of State	Zeigler International, Inc.
Connecticut Secretary of State	Zeigler Property Development Company
Connecticut Secretary of State	Zenergy, Inc.
Delaware Secretary of State	AEI Resources, Inc. f/k/a Coal Ventures, Inc.
Delaware Secretary of State	Americoal Development Company
Delaware Secretary of State	Ayrshire Land Company
Delaware Secretary of State	Beech Coal Company
Delaware Secretary of State	Bellaire Trucking Company
Delaware Secretary of State	Bluegrass Coal Development Company
Delaware Secretary of State	Cannelton Industries, Inc.
Delaware Secretary of State	Cannelton Land Company
Delaware Secretary of State	Cannelton Sales Company
Delaware Secretary of State	Cannelton, Inc.
Delaware Secretary of State	CC Coal Company
Delaware Secretary of State	Coal Ventures Holding Company, Inc.
Delaware Secretary of State	Encoal Corporation
Delaware Secretary of State	EnerZ Corporation
Delaware Secretary of State	Fairview Land Company
Delaware Secretary of State	Franklin Coal Sales Company

Jurisdiction

Company

Delaware Secretary of State

Grassy Cove Coal Mining Company

Delaware Secretary of State

Heritage Mining Company

Delaware Secretary of State

Midwest Coal Company f/k/a Amax
Coal Company

Delaware Secretary of State

Midwest Coal Sales Company f/k/a
Amax Coal Sales Company

Delaware Secretary of State

Mountain Coals Corporation f/k/a
Cyprus Mountain Coals Corporation

Delaware Secretary of State

Old Ben Coal Company

Delaware Secretary of State

Phoenix Land Company

Delaware Secretary of State

Premium Coal Development Company

Delaware Secretary of State

Roaring Creek Coal Company

Delaware Secretary of State

Triton Coal Company

Delaware Secretary of State

Turris Coal Company

Delaware Secretary of State

West Virginia-Indiana Coal Holding
Company, Inc.

Delaware Secretary of State

Zeigler Coal Holding Company

Delaware Secretary of State

Zeigler Environmental Services
Company

Delaware Secretary of State

Zeigler Property Development Company

Delaware Secretary of State

Zenergy, Inc.

Illinois Secretary of State

Americoal Development Company

Illinois Secretary of State

Bellaire Trucking Company

Jurisdiction

Company

Illinois Secretary of State

East Kentucky Energy Corporation

Illinois Secretary of State

Encoal Corporation

Illinois Secretary of State

EnerZ Corporation

Illinois Secretary of State

Evergreen Mining Company

Illinois Secretary of State

Franklin Coal International, Inc.

Illinois Secretary of State

Franklin Coal Sales Company

Illinois Secretary of State

Heritage Mining Company

Illinois Secretary of State

Kermit Coal Company

Illinois Secretary of State

Midwest Coal Company f/k/a Amax
Coal Company

Illinois Secretary of State

Mountaineer Coal Development
Company

Illinois Secretary of State

Phoenix Land Company

Illinois Secretary of State

Premium Coal Development Company

Illinois Secretary of State

R. & F. Coal Company

Illinois Secretary of State

Shipyard River Coal Terminal
Company

Illinois Secretary of State

Triton Coal Company

Illinois Secretary of State

Zeigler Coal Holding Company

Illinois Secretary of State

Zeigler Environmental Services
Company

Illinois Secretary of State

Zeigler International, Inc.

Illinois Secretary of State

Zeigler Property Development Company

Jurisdiction

Company

Illinois Secretary of State	Zenergy, Inc.
Illinois: Christian County	Bluegrass Coal Development Company
Illinois: Christian County	Old Ben Coal Company
Illinois: Douglas County	Fairview Land Company
Illinois: Douglas County	Old Ben Coal Company
Illinois: Edgar County	Ayrshire Land Company
Illinois: Edgar County	Meadowlark, Inc.
Illinois: Edwards County	Ayrshire Land Company
Illinois: Edwards County	Meadowlark, Inc.
Illinois: Franklin County	Fairview Land Company
Illinois: Franklin County	Old Ben Coal Company
Illinois: Fulton County	Ayrshire Land Company
Illinois: Hamilton County	Ayrshire Land Company
Illinois: Hamilton County	Old Ben Coal Company
Illinois: Jackson County	Meadowlark, Inc.
Illinois: Jefferson County	Fairview Land Company
Illinois: Jefferson County	Old Ben Coal Company
Illinois: Logan County	Bluegrass Coal Development Company
Illinois: Logan County	Old Ben Coal Company
Illinois: Logan County	Turris Coal Company
Illinois: Macon County	Bluegrass Coal Development Company

Jurisdiction

Company

Illinois: Macoupin County	Ayrshire Land Company
Illinois: Macoupin County	Fairview Land Company
Illinois: Macoupin County	Old Ben Coal Company
Illinois: Madison County	Fairview Land Company
Illinois: Madison County	Old Ben Coal Company
Illinois: Menard County	Old Ben Coal Company
Illinois: Montgomery County	Bluegrass Coal Development Company
Illinois: Montgomery County	Old Ben Coal Company
Illinois: Perry County	Ayrshire Land Company
Illinois: Perry County	Fairview Land Company
Illinois: Perry County	Meadowlark, Inc.
Illinois: Perry County	Old Ben Coal Company
Illinois: Randolph County	Fairview Land Company
Illinois: Randolph County	Old Ben Coal Company
Illinois: Saline County	Ayrshire Land Company
Illinois: Saline County	Meadowlark, Inc.
Illinois: Sangamon County	Bluegrass Coal Development Company
Illinois: Sangamon County	Old Ben Coal Company
Illinois: Sangamon County	Turris Coal Company
Illinois: Schuyler County	Ayrshire Land Company
Illinois: St. Clair County	Americoal Development Company

Jurisdiction

Company

Illinois: St. Clair County	Zeigler Environmental Services Company
Illinois: St. Clair County	Zeigler International, Inc.
Illinois: St. Clair County	Zeigler Property Development Company
Illinois: St. Clair County	Zenergy, Inc.
Illinois: Vermillion County	Ayrshire Land Company
Illinois: Vermillion County	Meadowlark, Inc.
Illinois: Wabash County	Meadowlark, Inc.
Illinois: Wabash County	Midwest Coal Company f/k/a Amax Coal Company
Illinois: Washington County	Ayrshire Land Company
Illinois: Wayne County	Ayrshire Land Company
Illinois: White County	Ayrshire Land Company
Illinois: Williamson County	Fairview Land Company
Illinois: Williamson County	Meadowlark, Inc.
Illinois: Williamson County	Old Ben Coal Company
Indiana Secretary of State	Kindill Mining, Inc.
Indiana Secretary of State	Triton Coal Company
Indiana: Clay County	Ayrshire Land Company
Indiana: Clay County	Meadowlark, Inc.
Indiana: Clay County	Midwest Coal Company f/k/a Amax Coal Company

Jurisdiction

Company

Indiana: Gibson County	Fairview Land Company
Indiana: Gibson County	Kindill Mining, Inc.
Indiana: Greene County	Ayrshire Land Company
Indiana: Greene County	Meadowlark, Inc.
Indiana: Knox County	Ayrshire Land Company
Indiana: Knox County	Beech Coal Company
Indiana: Knox County	Fairview Land Company
Indiana: Knox County	Kindill Mining, Inc.
Indiana: Knox County	Meadowlark, Inc.
Indiana: Knox County	Midwest Coal Company f/k/a Amax Coal Company
Indiana: Knox County	Old Ben Coal Company
Indiana: Pike County	Ayrshire Land Company
Indiana: Pike County	Fairview Land Company
Indiana: Pike County	Kindill Mining, Inc.
Indiana: Pike County	Meadowlark, Inc.
Indiana: Sullivan County	Ayrshire Land Company
Indiana: Sullivan County	Kindill Mining, Inc.
Indiana: Sullivan County	Meadowlark, Inc.
Indiana: Sullivan County	Midwest Coal Company f/k/a Amax Coal Company
Indiana: Vanderburgh County	Bluegrass Coal Development Company

Jurisdiction

Company

Indiana: Vanderburgh County	Fairview Land Company
Indiana: Vanderburgh County	Kindill Mining, Inc.
Indiana: Vanderburgh County	Triton Coal Company
Indiana: Vanderburgh County	Turriss Coal Company
Indiana: Vermillion County	Ayrshire Land Company
Indiana: Vermillion County	Meadowlark, Inc.
Indiana: Vigo County	Ayrshire Land Company
Indiana: Vigo County	Meadowlark, Inc.
Indiana: Vigo County	Midwest Coal Company f/k/a Amax Coal Company
Indiana: Warrick County	Turriss Coal Company
Indiana: Warrick County	Ayrshire Land Company
Indiana: Warrick County	Bluegrass Coal Development Company
Indiana: Warrick County	Fairview Land Company
Indiana: Warrick County	Kindill Mining, Inc.
Indiana: Warrick County	Meadowlark, Inc.
Kentucky Secretary of State	AEI Coal Sales Company, Inc.
Kentucky Secretary of State	AEI Resources Holding, Inc.
Kentucky Secretary of State	AEI Resources, Inc. f/k/a Coal Ventures, Inc.
Kentucky Secretary of State	Americoal Development Company
Kentucky Secretary of State	Ayrshire Land Company

Jurisdiction

Company

Kentucky Secretary of State	Zeigler International, Inc.
Kentucky Secretary of State	Zeigler Property Development Company
Kentucky Secretary of State	Zenergy, Inc.
Kentucky: Bell County	Appalachian Realty Company f/k/a Cyprus Southern Realty Corporation
Kentucky: Bell County	CC Coal Company
Kentucky: Bell County	Straight Creek Coal Resources Company f/k/a Cyprus Cumberland Coal Corporation
Kentucky: Boyd County	AEI Resources Holding, Inc.
Kentucky: Boyd County	AEI Resources, Inc. f/k/a Coal Ventures, Inc.
Kentucky: Boyd County	Americoal Development Company
Kentucky: Boyd County	Appalachian Realty Company f/k/a Cyprus Southern Realty Corporation
Kentucky: Boyd County	Ayrshire Land Company
Kentucky: Boyd County	Beech Coal Company
Kentucky: Boyd County	Bellaire Trucking Company
Kentucky: Boyd County	Bentley Coal Company
Kentucky: Boyd County	Bluegrass Coal Development Company
Kentucky: Boyd County	Cannelton Industries, Inc.
Kentucky: Boyd County	Cannelton Land Company
Kentucky: Boyd County	Cannelton Sales Company

Jurisdiction

Company

Kentucky: Boyd County

Cannelton, Inc.

Kentucky: Boyd County

CC Coal Company

Kentucky: Boyd County

Coal Ventures Holding Company, Inc.

Kentucky: Boyd County

Dunn Coal & Dock Company

Kentucky: Boyd County

East Kentucky Energy Corporation

Kentucky: Boyd County

Encoal Corporation

Kentucky: Boyd County

EnerZ Corporation

Kentucky: Boyd County

Evergreen Mining Company

Kentucky: Boyd County

Fairview Land Company

Kentucky: Boyd County

Franklin Coal International, Inc.

Kentucky: Boyd County

Franklin Coal Sales Company

Kentucky: Boyd County

Grassy Cove Coal Mining Company

Kentucky: Boyd County

Hayman Holdings, Inc.

Kentucky: Boyd County

Heritage Mining Company

Kentucky: Boyd County

Kanawha Corporation f/k/a Cyprus
Kanawha Corporation

Kentucky: Boyd County

Kentucky Prince Mining Company

Kentucky: Boyd County

Kermit Coal Company

Kentucky: Boyd County

Kindill Holding, Inc.

Kentucky: Boyd County

Kindill Mining, Inc.

Kentucky: Boyd County

Meadowlark, Inc.

Kentucky: Boyd County

Mega Minerals, Inc.

Jurisdiction

Company

Kentucky: Boyd County

Mid-Vol Leasing, Inc.

Kentucky: Boyd County

Midwest Coal Company f/k/a Amax
Coal Company

Kentucky: Boyd County

Mountain Coals Corporation f/k/a
Cyprus Mountain Coals Corporation

Kentucky: Boyd County

Mountaineer Coal Development
Company

Kentucky: Boyd County

NuCoal, LLC

Kentucky: Boyd County

Old Ben Coal Company

Kentucky: Boyd County

Phoenix Land Company

Kentucky: Boyd County

Premium Coal Development Company

Kentucky: Boyd County

Premium Processing, Inc.

Kentucky: Boyd County

R. & F. Coal Company

Kentucky: Boyd County

Roaring Creek Coal Company

Kentucky: Boyd County

Shipyard River Coal Terminal
Company

Kentucky: Boyd County

Skyline Coal Company

Kentucky: Boyd County

Straight Creek Coal Resources
Company f/k/a Cyprus Cumberland
Coal Corporation

Kentucky: Boyd County

Triton Coal Company

Kentucky: Boyd County

Turriss Coal Company

Kentucky: Boyd County

West Virginia-Indiana Coal Holding
Company, Inc.

Jurisdiction

Company

Kentucky: Boyd County	Westward Coal Sales Company f/k/a Amax Coal Sales Company
Kentucky: Boyd County	Yankeetown Dock Corporation
Kentucky: Boyd County	Zeigler Coal Holding Company
Kentucky: Boyd County	Zeigler Environmental Services Company
Kentucky: Boyd County	Zeigler International, Inc.
Kentucky: Boyd County	Zeigler Property Development Company
Kentucky: Boyd County	Zenergy, Inc.
Kentucky: Breathitt County	Appalachian Realty Company f/k/a Cyprus Southern Realty Corporation
Kentucky: Daviess County	Kindill Mining, Inc.
Kentucky: Fayette County	AEI Coal Sales Company, Inc.
Kentucky: Fayette County	AEI Resources Holding, Inc.
Kentucky: Fayette County	AEI Resources, Inc. f/k/a Coal Ventures, Inc.
Kentucky: Fayette County	Bluegrass Coal Development Company
Kentucky: Fayette County	CC Coal Company
Kentucky: Fayette County	Coal Ventures Holding Company, Inc.
Kentucky: Fayette County	Franklin Coal Sales Company
Kentucky: Fayette County	West Virginia-Indiana Coal Holding Company, Inc.
Kentucky: Floyd County	East Kentucky Energy Corporation

Jurisdiction

Company

Kentucky: Floyd County	Matrix Coal Company
Kentucky: Floyd County	Mountaineer Coal Development Company
Kentucky: Floyd County	Shipyard River Coal Terminal Company
Kentucky: Franklin County	Bluegrass Coal Development Company
Kentucky: Franklin County	East Kentucky Energy Corporation
Kentucky: Franklin County	Heritage Mining Company
Kentucky: Franklin County	Kermit Coal Company
Kentucky: Franklin County	Mountaineer Coal Development Company
Kentucky: Franklin County	Shipyard River Coal Terminal Company
Kentucky: Harlan County	Appalachian Realty Company f/k/a Cyprus Southern Realty Corporation
Kentucky: Harlan County	CC Coal Company
Kentucky: Harlan County	Straight Creek Coal Resources Company f/k/a Cyprus Cumberland Coal Corporation
Kentucky: Jefferson County	AEI Resources Holding, Inc.
Kentucky: Jefferson County	AEI Resources, Inc. f/k/a Coal Ventures, Inc.
Kentucky: Jefferson County	Appalachian Realty Company f/k/a Cyprus Southern Realty Corporation
Kentucky: Jefferson County	Ayrshire Land Company
Kentucky: Jefferson County	Fairview Land Company

Jurisdiction

Company

Kentucky: Jefferson County

Franklin Coal Sales Company

Kentucky: Jefferson County

Grassy Cove Coal Mining Company

Kentucky: Jefferson County

Kentucky Prince Mining Company

Kentucky: Jefferson County

Meadowlark, Inc.

Kentucky: Jefferson County

Mountain Coals Corporation f/k/a
Cyprus Mountain Coals Corporation

Kentucky: Jefferson County

Old Ben Coal Company

Kentucky: Jefferson County

Phoenix Land Company

Kentucky: Jefferson County

Roaring Creek Coal Company

Kentucky: Jefferson County

Straight Creek Coal Resources
Company f/k/a Cyprus Cumberland
Coal Corporation

Kentucky: Jefferson County

Westward Coal Sales Company f/k/a
Amax Coal Sales Company

Kentucky: Knott County

Appalachian Realty Company f/k/a
Cyprus Southern Realty Corporation

Kentucky: Knott County

East Kentucky Energy Corporation

Kentucky: Knott County

Knott County Mining Company

Kentucky: Knott County

Mountain Coals Corporation f/k/a
Cyprus Mountain Coals Corporation

Kentucky: Knott County

Shipyard River Coal Terminal Company

Kentucky: Knox County

CC Coal Company

Kentucky: Knox County

Mountain Coals Corporation f/k/a
Cyprus Mountain Coals Corporation

Jurisdiction

Company

Kentucky: Knox County

Straight Creek Coal Resources
Company f/k/a Cyprus Cumberland
Coal Corporation

Kentucky: Laurel County

Mountain Coals Corporation f/k/a
Cyprus Mountain Coals Corporation

Kentucky: Leslie County

Appalachian Realty Company f/k/a
Cyprus Southern Realty Corporation

Kentucky: Leslie County

Straight Creek Coal Resources
Company f/k/a Cyprus Cumberland
Coal Corporation

Kentucky: Letcher County

East Kentucky Energy Corporation

Kentucky: Martin County

East Kentucky Energy Corporation

Kentucky: Martin County

Fairview Land Company

Kentucky: Martin County

Mountaineer Coal Development
Company

Kentucky: Martin County

Shipyard River Coal Terminal Company

Kentucky: Martin County

Wolf Creek Collieries Company

Kentucky: Muhlenberg County

Meadowlark, Inc.

Kentucky: Muhlenberg County

Midwest Coal Company f/k/a Amax
Coal Company

Kentucky: Muhlenberg County

Old Ben Coal Company

Kentucky: Muhlenberg County

Westward Coal Sales Company f/k/a
Amax Coal Sales Company

Kentucky: Perry County

Appalachian Realty Company f/k/a
Cyprus Southern Realty Corporation

Kentucky: Perry County

Kentucky Prince Mining Company

Jurisdiction

Company

Kentucky: Perry County

Mountain Coals Corporation f/k/a
Cyprus Mountain Coals Corporation

Kentucky: Pike County

Clark Elkhorn Coal Company

Kentucky: Pike County

East Kentucky Energy Corporation

Kentucky: Pike County

Matrix Coal Company

Kentucky: Pike County

Mountaineer Coal Development
Company

Kentucky: Pike County

Pike County Coal Corporation

Kentucky: Pike County

Shipyards River Coal Terminal Company

Kentucky: Pike County

Utility Coals Company

Kentucky: Pike County

Wolf Creek Collieries Company

Kentucky: Boyd County

AEI Coal Sales Company, Inc.

Kentucky: Jefferson County

Hayman Holdings, Inc.

Kentucky: Jefferson County

Kindill Holding, Inc.

Montana: Big Horn County

Bluegrass Coal Development Company

New York Secretary of State

EnerZ Corporation

New York: New York County

EnerZ Corporation

Ohio Secretary of State

Bellaire Trucking Company

Ohio Secretary of State

Midwest Coal Sales Company f/k/a
Amax Coal Sales Company

Ohio: Belmont County

R. & F. Coal Company

Ohio: Clermont County

Midwest Coal Sales Company f/k/a
Amax Coal Sales Company

Jurisdiction

Company

Ohio: Coshocton County	Fairview Land Company
Ohio: Coshocton County	Premium Coal Development Company
Ohio: Coshocton County	R. & F. Coal Company
Ohio: Guernsey County	Fairview Land Company
Ohio: Guernsey County	Premium Coal Development Company
Ohio: Guernsey County	R. & F. Coal Company
Ohio: Hamilton County	Midwest Coal Sales Company f/k/a Amax Coal Sales Company
Ohio: Harrison County	Bellaire Trucking Company
Ohio: Harrison County	Premium Coal Development Company
Ohio: Harrison County	R. & F. Coal Company
Ohio: Jefferson County	R. & F. Coal Company
Ohio: Muskingum County	Fairview Land Company
Ohio: Muskingum County	Premium Coal Development Company
Ohio: Muskingum County	R. & F. Coal Comapny
Ohio: Noble County	Ayrshire Land Company
Ohio: Noble County	R. & F. Coal Company
Ohio: Tuscarawas County	R. & F. Coal Company
Ohio: Washington County	Ayrshire Land Company
South Carolina: Charleston County	Shipyard River Coal Terminal Company
South Carolina: Charleston County	Shipyard River Terminal Company
Tennessee Secretary of State	Bentley Coal Company

Jurisdiction

Company

Tennessee Secretary of State	Skyline Coal Company
Tennessee: Sequatchie County	Bentley Coal Company
Tennessee: Bledsoe County	Ayrshire Land Company
Tennessee: Bledsoe County	Meadowlark, Inc.
Tennessee: Sequatchie County	Ayrshire Land Company
Tennessee: Sequatchie County	Meadowlark, Inc.
Tennessee: Sequatchie County	Skyline Coal Company
Tennessee: Van Buren County	Ayrshire Land Company
Tennessee: Van Buren County	Meadowlark, Inc.
Tennessee: Van Buren County	Skyline Coal Company
Texas Secretary of State	Bellaire Trucking Company
Texas Secretary of State	Bluegrass Coal Development Company
Texas Secretary of State	East Kentucky Energy Corporation
Texas Secretary of State	Encoal Corporation
Texas Secretary of State	Evergreen Mining Company
Texas Secretary of State	Kermit Coal Company
Texas Secretary of State	Marrowbone Development Company
Texas Secretary of State	Mountaineer Coal Development Company
Texas Secretary of State	R & F Coal Company
Texas Secretary of State	Shipyard River Coal Terminal Company
Texas Secretary of State	Triton Coal Company

Jurisdiction

Company

Texas Secretary of State

Turris Coal Company

Texas: Jim Hogg County

Fairview Land Company

Texas: Limestone County

Fairview Land Company

Texas: Milam County

Fairview Land Company

Virginia State Corporation
Commission, UCC Division

Bluegrass Coal Development Company

Virginia State Corporation
Commission, UCC Division

Pier IX Terminal Company

Virginia: Independent City of
Henrico

Bluegrass Coal Development Company

Virginia: Independent City of
Newport News

Mountaineer Coal Development
Company

Virginia: Independent City of
Newport News

Pier IX Terminal Company

Virginia: Tazewell County

Mega Minerals, Inc.

Virginia: Tazewell County

Mid-Vol Leasing, Inc.

Washington: Lewis County

Fairview Land Company

Washington: Dept. of Licensing

Old Ben Coal Company

West Virginia Secretary of State

Franklin Coal Sales Company

West Virginia Secretary of State

Midwest Coal Company f/k/a Amax
Coal Comany

West Virginia Secretary of State

Premium Processing, Inc.

West Virginia Secretary of State

Shipyard River Coal Terminal Company

West Virginia Secretary of State

Skyline Coal Company

Jurisdiction

Company

West Virginia: Boone County

Cannelton Land Company

West Virginia: Boone County

Cannelton Sales Company

West Virginia: Boone County

CC Coal Company

West Virginia: Boone County

East Kentucky Energy Corporation

West Virginia: Calhoun County

East Kentucky Energy Corporation

West Virginia: Clay County

Cannelton, Inc.

West Virginia: Clay County

East Kentucky Energy Corporation

West Virginia: Fayette County

Cannelton, Inc.

West Virginia: Kanawha County

Cannelton Sales Company

West Virginia: Kanawha County

East Kentucky Energy Corporation

West Virginia: Kanawha County

Franklin Coal Sales Company

West Virginia: Kanawha County

Mountaineer Coal Development
Company

West Virginia: Kanawha County

Skyline Coal Company

West Virginia: Lincoln County

East Kentucky Energy Corporation

West Virginia: McDowell County

Cannelton, Inc.

West Virginia: Mingo County

East Kentucky Energy Corporation

West Virginia: Mingo County

Evergreen Mining Company

West Virginia: Mingo County

Fairview Land Company

West Virginia: Mingo County

Kermit Coal Company

West Virginia: Mingo County

Marrowbone Development Company

Jurisdiction

Company

West Virginia: Mingo County	Mountaineer Coal Development Company
West Virginia: Mingo County	Old Ben Coal Company
West Virginia: Nicholas County	Cannelton, Inc.
West Virginia: Nicholas County	East Kentucky Energy Corporation
West Virginia: Nicholas County	Evergreen Mining Company
West Virginia: Raleigh County	Cannelton, Inc.
West Virginia: Wayne County	East Kentucky Energy Corporation
West Virginia: Wayne County	Marrowbone Development Company
West Virginia: Wayne County	Mountaineer Coal Development Company
West Virginia: Webster County	East Kentucky Energy Corporation
West Virginia: Webster County	Evergreen Mining Company
West Virginia: Wyoming County	Eastern Kentucky Energy Corporation
West Virginia: Barbour County	Ayrshire Land Company
West Virginia: Boone County	Cannelton Industries, Inc.
West Virginia: Boone County	Dunn Coal & Dock Company
West Virginia: Clay County	Cannelton Industries, Inc.
West Virginia: Clay County	Cannelton Land Company
West Virginia: Clay County	Cannelton Sales Company
West Virginia: Clay County	Dunn Coal & Dock Company
West Virginia: Fayette County	Cannelton Industries, Inc.

Jurisdiction

Company

West Virginia: Fayette County	Cannelton Land Company
West Virginia: Fayette County	Cannelton Sales Company
West Virginia: Fayette County	CC Coal Company
West Virginia: Fayette County	Dunn Coal & Dock Company
West Virginia: Fayette County	Kanawha Corporation f/k/a Cyprus Kanawha Corporation
West Virginia: Kanawha County	Cannelton Industries, Inc.
West Virginia: Kanawha County	Cannelton Land Company
West Virginia: Kanawha County	Cannelton, Inc.
West Virginia: Kanawha County	CC Coal Company
West Virginia: Kanawha County	Dunn Coal & Dock Company
West Virginia: Kanawha County	Kanawha Corporation f/k/a Cyprus Kanawha Corporation
West Virginia: Lewis County	Fairview Land Company
West Virginia: Lincoln County	CC Coal Company
West Virginia: McDowell County	Cannelton Industries, Inc.
West Virginia: McDowell County	Cannelton Land Company
West Virginia: McDowell County	Cannelton Sales Company
West Virginia: McDowell County	Dunn Coal & Dock Company
West Virginia: McDowell County	Mega Minerals, Inc.
West Virginia: McDowell County	Mid-Vol Leasing, Inc.
West Virginia: McDowell County	Premium Processing, Inc.

Jurisdiction

Company

West Virginia: Nicholas County	Cannelton Industries, Inc.
West Virginia: Nicholas County	Cannelton Land Company
West Virginia: Nicholas County	Cannelton Sales Company
West Virginia: Nicholas County	Dunn Coal & Dock Company
West Virginia: Raleigh County	CC Coal Company
West Virginia: Randolph County	Ayrshire Land Company
West Virginia: Randolph County	Meadowlark, Inc.
West Virginia: Randolph County	Midwest Coal Company f/k/a Amax Coal Company
West Virginia: Upshur County	Ayrshire Land Company
West Virginia: Upshur County	Midwest Coal Company f/k/a Amax Coal Company
West Virginia: Wayne County	CC Coal Company
West Virginia: Webster County	Ayrshire Land Company
Wyoming Secretary of State	Meadowlark, Inc.
Wyoming Secretary of State	NuCoal, LLC
Wyoming: Campbell County	Bluegrass Coal Development Company
Wyoming: Campbell County	Encoal Corporation
Wyoming: Campbell County	Meadowlark, Inc.
Wyoming: Campbell County	NuCoal, LLC
Wyoming: Campbell County	Triton Coal Company
Wyoming: Sheridan County	Bluegrass Coal Development Company

Annex A (continued)
Combination filings with granting language from the
Security Agreement and the Mortgage

<u>Jurisdiction</u>	<u>Company</u>
Arkansas Secretary of State	Bluegrass Coal Development Company
Arkansas Secretary of State	Fairview Land Company
Illinois Secretary of State	Ayrshire Land Company
Illinois Secretary of State	Meadowlark, Inc.
Illinois Secretary of State	Fairview Land Company
Illinois Secretary of State	Bluegrass Coal Development Company
Illinois Secretary of State	Old Ben Coal Company
Illinois Secretary of State	Turriss Coal Company
Illinois Secretary of State	Zeigler Coal Holding Company
Indiana Secretary of State	Ayrshire Land Company
Indiana Secretary of State	Beech Coal Company
Indiana Secretary of State	Meadowlark, Inc.
Indiana Secretary of State	Midwest Coal Company f/k/a Amax Coal Company
Indiana Secretary of State	Fairview Land Company
Indiana Secretary of State	Old Ben Coal Company
Indiana Secretary of State	Bluegrass Coal Development Company
Indiana Secretary of State	Turriss Coal Company
Indiana Secretary of State	Kindill Mining, Inc.
Kentucky Secretary of State	Appalachian Realty Company f/k/a Cyprus Southern Realty Corporation

Jurisdiction

Company

Kentucky Secretary of State	CC Coal Company
Kentucky Secretary of State	Meadowlark, Inc.
Kentucky Secretary of State	Midwest Coal Company f/k/a Amax Coal Company
Kentucky Secretary of State	Mountain Coals Corporation f/k/a Cyprus Mountain Coals Corporation
Kentucky Secretary of State	Straight Creek Coal Resources Company f/k/a Cyprus Cumberland Coal Corporation
Kentucky Secretary of State	Westward Coal Sales Company f/k/a Amax Coal Sales Company
Kentucky Secretary of State	East Kentucky Energy Corporation
Kentucky Secretary of State	Old Ben Coal Company
Kentucky Secretary of State	Shipyard River Coal Terminal Company
Kentucky Secretary of State	Fairview Land Company
Kentucky Secretary of State	Mountaineer Coal Development Company
Montana Secretary of State	Bluegrass Coal Development Company
Ohio Secretary of State	Ayrshire Land Company
Ohio Secretary of State	Fairview Land Company
Ohio Secretary of State	Premium Coal Development Company
Ohio Secretary of State	R. & F. Coal Company
South Carolina Secretary of State	Shipyard River Coal Terminal Company
Tennessee Secretary of State	Ayrshire Land Company
Tennessee Secretary of State	Meadowlark, Inc.

Jurisdiction

Company

Texas Secretary of State	Fairview Land Company
Virginia Secretary of State	Mega Minerals, Inc.
Virginia Secretary of State	Mid-Vol Leasing, Inc.
Virginia State Corporation Commission, UCC Division	Mountaineer Coal Development Company
Washington Dept. of Licensing	Fairview Land Company
West Virginia Secretary of State	Ayrshire Land Company
West Virginia Secretary of State	Cannelton, Inc.
West Virginia Secretary of State	Cannelton Industries, Inc.
West Virginia Secretary of State	Cannelton Land Company
West Virginia Secretary of State	Cannelton Sales Company
West Virginia Secretary of State	CC Coal Company
West Virginia Secretary of State	Dunn Coal & Dock Company
West Virginia Secretary of State	Kanawha Corporation f/k/a Cyprus Kanawha Corporation
West Virginia Secretary of State	Meadowlark, Inc.
West Virginia Secretary of State	Mega Minerals, Inc.
West Virginia Secretary of State	Mid-Vol Leasing, Inc.
West Virginia Secretary of State	East Kentucky Energy Corporation
West Virginia Secretary of State	Evergreen Mining Company
West Virginia Secretary of State	Fairview Land Company
West Virginia Secretary of State	Kermit Coal Company

Jurisdiction

West Virginia Secretary of State

West Virginia Secretary of State

West Virginia Secretary of State

West Virginia Secretary of State

Wyoming Secretary of State

Wyoming Secretary of State

Wyoming Secretary of State

Company

Marrowbone Development Company

Mountaineer Coal Development Company

Old Ben Coal Company

Shipyards River Coal Terminal Company

Bluegrass Coal Development Company

Encoal Corporation

Triton Coal Company

TRADEMARK
REEL: 1803 FRAME: 0896

ANNEX B

PRIOR LIENS

SECURED PARTY	JURISDICTION	LOCATION	DATE	FILE NUMBER	COMMENT
AEI HOLDING COMPANY, INC.					
Provident Commercial Group, Inc.	Delaware	Secretary of State	02/20/98	199807787	Leased Aircraft and Equipment
Provident Commercial Group, Inc.	Kentucky	Boyd County Clerk	08/22/96	027872	Aircraft and Other Equipment
NationsBank of Texas	Kentucky	Boyd County Clerk	11/11/97	9737267	Blanket Lien
Provident Commercial Group, Inc.	Kentucky	Boyd County Clerk	02/19/98	9839158	Aircraft and Equipment
Provident Commercial Group, Inc.	Kentucky	Boyd County Clerk	04/21/98	9840571	Leased Aircraft and Equipment
NationsBank of Texas, N.A.	Kentucky	Fayette County Clerk	11/11/97	9704020	Blanket Lien
Provident Commercial Group, Inc.	Kentucky	Secretary of State	8/22/96	140800	Aircraft and Other Equipment
NationsBank of Texas, N.A.	Kentucky	Secretary of State	11/11/97	153846	Blanket Lien
AMAX COAL COMPANY					
Caterpillar Financial Services Corporation	Indiana	Clay County Recorder	12/26/96	2094318	2 Caterpillar 785B Off Hwy Trucks, S/Ns: 6HK00673 & 6HK00674

SECURED PARTY	JURISDICTION	LOCATION	DATE	FILE NUMBER	COMMENT
Shawmut Bank of Connecticut, National Association	Indiana	Clay County Recorder	12/30/94	1088	Leased Equipment
Shawmut Bank Connecticut, National Assoc.	Indiana	Vigo county Recorder	09/30/94	190656	Leased Equipment
Wyoming Machinery Co.	Wyoming	Campbell County Clerk	05/29/98	4214081	CAT 350L Excavator
CANNELTON, INC.					
Eimco Coal and Machinery, Inc.	West Virginia	Kanawha County Clerk of the County Commission	10/26/93	3764	Eimco Model 5810-3 Coal Hauler
CYPRUS KANAWHA CORPORATION					
Caterpillar Financial Services Corporation	West Virginia	Fayette County Clerk of the County Commission	06/08/95	007192	1 Caterpillar 789B off hwy truck S/N:9ZC00517 and 1 Caterpillar 789B off hwy truck, S/N: N9ZC00513. See schedules attached thereto
Caterpillar Financial Services Corporation	West Virginia	Fayette County Clerk of the County Commission	11/16/95	007701	6 Caterpillar 789 off hwy trucks. See schedules attached thereto
CYPRUS MOUNTAIN COALS CORPORATION					
Cyprus Coal Equipment Company	Kentucky	Knott County Clerk	07/11/98	112	Marion Dragline and Other Equipment

SECURED PARTY	JURISDICTION	LOCATION	DATE	FILE NUMBER	COMMENT
DUNN COAL & DOCK COMPANY					
Cyprus Coal Equipment Company	West Virginia	Secretary of State	07/09/98	498307	Marion Dragline Model 8200, s/n 22999
Caterpillar Financial Services Corporation	West Virginia	Secretary of State	07/16/98	498719	2 Caterpillar 789B off Hwy trucks s/n: 92C00538, 92C00545, and substitutions, replacements, additions and accessories thereto
Cyprus Coal Equipment Company	West Virginia	Fayette County Clerk of the County Commission	07/14/98	010157	Marion dragline model 8200 S/N: 22999
Caterpillar Financial Services Corporation	West Virginia	Fayette County Clerk of the County Commission	06/08/95	007190	1 Caterpillar 789B off hwy truck, S/N 92C00538 and 1 Caterpillar 789B off hwy truck, S/N 92C00545 See Schedules attached thereto.
Caterpillar Financial Services Corporation	West Virginia	Fayette County Clerk of the County Commission	07/16/98	010166	2 Caterpillars 789B off hwy trucks, S/N: 92C00538, 92C00545. See schedules attached thereto.
General Electric Capital Corporation	West Virginia	Kanawha County Clerk of the County Commission	11/29/91	4275	Marion 8200-11R Electric Walking Dragline
Shawmut Bank Connecticut, National Association	West Virginia	Kanawha County Clerk of the County Commission	12/30/94	3916	Leased Equipment

SECURED PARTY	JURISDICTION	LOCATION	DATE	FILE NUMBER	COMMENT
EVERGREEN MINING COMPANY					
John Hancock Mutual Life	West Virginia	Secretary of State	07/21/97	0468599	Leased Equipment
HENRY CLAY MINING COMPANY					
CIT Group/Equipment Financing, Inc.	Kentucky	Secretary of State	02/21/90	591117	2 Marietta Drum Miners
KANAWHA CORPORATION					
Caterpillar Financial Services Corporation	West Virginia	Fayette County Clerk of the County Commission	07/16/98	010165	1 Caterpillar 5230 Front shovel, S/N: 7LL00033. See Schedules attached thereto.
Caterpillar Financial Services Corporation	West Virginia	Fayette County Clerk of the County Commission	07/16/98	010164	2 Caterpillar 789B off hwy trucks, S/N: 9ZC00513, 9ZC00517. See Schedules attached thereto.
KERN COAL COMPANY					
Associates Commercial Corporation	Kentucky	Perry County Clerk	08/21/93	137188	1 Komatsu D375 Dozer, S/N: 15027
Associates Commercial Corporation	Kentucky	Perry County Clerk	08/31/93	137190	1 Komatsu D63E Dozer, S/N: 1051.
Peoples Bank & Trust Company	Kentucky	Perry County Clerk	03/05/97	140688	Blanket Lien
Peoples Bank & Trust Company	Kentucky	Perry County Clerk	01/23/98	141277	Blanket Lien
KINDILL MINING, INC.					
Williamsport Wire Rope Works, Inc.	Indiana	Secretary of State	03/20/98	2179420	Wire rope and associated products

SECURED PARTY	JURISDICTION	LOCATION	DATE	FILE NUMBER	COMMENT
KNOTT COUNTY COAL COMPANY					
Salem Tool, Inc.	Kentucky	Letcher County Clerk	04/02/96	961004	August 24, 1998 Fairfield Conveyor S/N: 2587088
CIT Group/Equipment Financing, Inc.	Kentucky	Pike County Clerk	03/01/90	90-318	In said Financing Statement attached thereto
MARROWBONE DEVELOPMENT CORPORATION					
BOT Financial Corporation	West Virginia	Mingo County Clerk of the County Commission	09/20/93	211	Equipment
MID-VOL LEASING, INC.					
CIT Group/Equipment Financing, Inc.	West Virginia	Secretary of State	08/06/97	0476355	1 Caterpillar model D11R Dozer, S/N: 8ZR00439
CIT Group/Equipment Financing, Inc.	West Virginia	Secretary of State	11/07/97	0482191	1 Caterpillar model 992G Wheel Loaders, S/N: 7HR00128 and 1 drill tech model D45KS Drill S/N: 732294
CIT Group/Equipment Financing, Inc.	West Virginia	Secretary of State	10/15/97	0480647	2 Caterpillar model 992G Wheel Loaders, S/N: 7HR00101
MOUNTAINEER COAL DEVELOPMENT COMPANY					
Unable to locate face page	Kentucky	Martin County Clerk	03/28/96	960501	Blanket Lien
OLD BEN COAL COMPANY					
John Hancock Mutual Life Insurance Company	Illinois	Secretary of State	08/24/93	3159740	Equipment Lease

SECURED PARTY	JURISDICTION	LOCATION	DATE	FILE NUMBER	COMMENT
John Hancock Mutual Life Insurance Company	Illinois	Secretary of State	09/17/93	3168361	Equipment Lease
BOT Financial Corporation	Illinois	Secretary of State	08/23/97	1864402	Leased Equipment
BOT Financial Corporation	West Virginia	Secretary of State	08/23/93	383785	Leased Equipment
BOT Financial Corporation	West Virginia	Mingo County Clerk of the County Commission	08/23/93	158	Blanket Lien
P & S OIL AND GAS CORPORATION					
P & S Oil and Gas Corp.	West Virginia	Kanawha County Clerk of the County Commission	09/30/96	Book 107, Page 613	Tax Lien for corporate charter license for period 6/96
PIKE COUNTY COAL CORPORATION					
Cumberland River Coal	Kentucky	Pike County Clerk	05/23/95	95-517	Marion 201-MHR, 22 CU. YD. Electrical Shovel, S/N: 23223 & S/N: 23221
Eimco Coal Machinery, Inc.	Kentucky	Pike County Clerk	04/12/96	96-334	Consignment totaling \$155,288.40. See attachments thereto.
Carter Machinery, Inc.	Kentucky	Pike County Clerk	05/13/96	96-473	1 EL 240 B Excavator, S/N: SWG00404

SECURED PARTY	JURISDICTION	LOCATION	DATE	FILE NUMBER	COMMENT
R. & F. COAL COMPANY					
Columbus Equipment Co.	Ohio	Harrison County Recorder	04/12/94	00119	Komatsu PC400LC-3 Hydraulic Backhoe S/N: 11780
Columbus Equipment Co.	Ohio	Harrison County Recorder	03/23/94	00094	Komatsu PC400LC-3 Hydraulic Backhoe S/N 13581
American Income Partners B-B Limited Partnership	Ohio	Harrison County Recorder	07/21/95	00335	Lease on a Komatsu PC650-3 Excavator S/N: 10947
SHIPYARD RIVER COAL TERMINAL COMPANY					
CIT Group/Equipment Financing, Inc.	Kentucky	Pike County Clerk	03/01/90	90-315	Equipment Lease
CIT Group/Equipment Financing, Inc.	Kentucky	Pike County Clerk	03/01/90	90-319	Equipment Lease
John Hancock Mutual Life Insurance Company	Kentucky	Pike County Clerk	12/06/93	93-1591	Leased Equipment
BOT Financial Corporation	Kentucky	Pike County Clerk	01/23/94	94-007	Leased Equipment
Whayne Supply Company	Kentucky	Pike County Clerk	03/03/98	98-174	1 Caterpillar D11N Tractor, S/N: 74Z01084 with 11U Dozer, S/N: 4DB00838

SECURED PARTY	JURISDICTION	LOCATION	DATE	FILE NUMBER	COMMENT
SKYLINE COAL COMPANY					
Stowers Machinery Corporation	Tennessee	Secretary of State	5/12/98	982044862	Used Caterpillar Model D300D
SMC COAL AND TERMINAL COAL COMPANY					
BOT Financial Corporation	Kentucky	Martin County Clerk	01/05/94	9727	CT notes the county is unable to locate financing statements
TRIAD MINING COMPANY					
Whayne Supply Company	West Virginia	Secretary of State	04/17/98	0492193	1 Caterpillar D11N Tractor S/N: 74Z01045
TRITON COAL COMPANY					
ATEL Financial Corporation	Wyoming	Campbell County Clerk	07/11/90	U154781	Equipment Lease
John Hancock Mutual Life Insurance Company	Wyoming	Campbell County Clerk	09/20/93	U176964	Equipment Lease
Komatsu Equipment Company	Wyoming	Campbell County Clerk	06/23/98	U214712	1 Demag Model H285S Mining Shovel, S/N: 78113

ANNEX C

LOCATIONS OF PLEDGORS

AEI Resources Holding, Inc. ("AEI")
 Coal Ventures Holding Company, Inc. ("CVHC")
 West Virginia-Indiana Coal Holding Company, Inc. ("WVICH")
 Zeigler Coal Holding Company ("ZCHC")
 (And Their Subsidiaries)

AEI

<u>PLEDGOR</u>	<u>CHIEF EXECUTIVE OFFICE</u>	<u>TAX ID NUMBER</u>	<u>OTHER LOCATIONS (STATE: COUNTY)</u>
AEI Coal Sales Company, Inc.	1500 North Big Run Road Ashland, KY 41102	61-1331912	KY: Fayette
AEI Holding Company, Inc.	1500 North Big Run Road Ashland, KY 41102	61-1315723	KY: Fayette
AEI Resources Holding, Inc.	1500 North Big Run Road Ashland, KY 41102	61-1331911	KY: Jefferson
AEI Resources, Inc.	1500 North Big Run Road Ashland, KY 41102	61-1325837	KY: Boyd, Fayette, Jefferson
Coal Ventures Holding Company, Inc.	1500 North Big Run Road Ashland, KY 41102	61-1328606	KY: Boyd, Fayette

ANNEX C (Cont.) - AEI

Kindill Holding, Inc.	313 Frederica St., Suite 30 Owensboro, KY 42301	31-1529620	KY: Boyd, Jefferson
West Virginia-Indiana Coal Holding Company, Inc.	1500 North Big Run Road Ashland, KY 41102	61-1328604	KY: Boyd, Fayette
Zeigler Coal Holding Company	50 Jerome Lane Fairview Heights, IL 62208 (618) 394-2400	36-3344449	IL: St. Clair KY: Boyd

ANNEX C (Cont.) - CVHC

<u>PLEDGOR</u>	<u>CHIEF EXECUTIVE OFFICE</u>	<u>TAX ID NUMBER</u>	<u>OTHER LOCATIONS (STATE: COUNTY)</u>
Appalachian Realty Company	1500 North Big Run Road Ashland, KY 41102	36-3336051	KY: Bell, Breathitt, Harlan, Jefferson, Knott, Leslie, Perry
Ayrshire Land Company	1500 North Big Run Road Ashland, KY 41102	06-1208946	IL: Edgar, Edwards, Fulton, Hamilton, Macoupin, Perry, Saline, Schuyler, Washington, Wayne, White IN: Clay, Greene, Knox, Pike, Sullivan, Vermillion, Vigo, Warrick KY: Jefferson OH: Noble, Washington TN: Bledsoe, Cumberland, Grundy, Marion, Sequatchie, Van Buren, Warren, White WV: Barbour, Webster CA: Monterey
Bentley Coal Company (Partnership)	1500 North Big Run Road Ashland, KY 41102	61-1128414	TN: Sequatchie
CC Coal Company	1500 North Big Run Road Ashland, KY 41102	61-7329892	KY: Bell, Knox, Fayette, Harlan
Grassy Cove Coal Mining Company	1500 North Big Run Road Ashland, KY 41102	51-0274983	CO: Arapahoe KY: Boyd, Jefferson

ANNEX C (Cont.) - CVHC

<u>PLEDGOR</u>	<u>CHIEF EXECUTIVE OFFICE</u>	<u>TAX ID NUMBER</u>	<u>OTHER LOCATIONS (STATE: COUNTY)</u>
Kentucky Prince Mining Company (Partnership)	1500 North Big Run Road Ashland, KY 41102	61-1128412	KY: Perry, Jefferson
Meadowlark, Inc.	1500 North Big Run Road Ashland, KY 41102	35-0782260	IL: Edgar, Edwards, Jackson, Perry, Saline, Vermillion, Wabash, Williamson IN: Clay, Gibson, Greene, Knox, Marion, Pike, Sullivan, Vermillion, Vigo, Warrick KY: Muhlenberg, Boyd, Jefferson TN: Bledsoe, Cumberland, Grandy, Marion, Sequatchie, Van Buren, Warren, White WV: Randolph CO: Arapahoe WY: Campbell
Mega Minerals, Inc.	1500 North Big Run Road Ashland, KY 41102	55-0720327	VA: Tazwell WV: McDowell
Mid-Vol Leasing, Inc.	1500 North Big Run Road Ashland, KY 41102	55-0691054	VA: Tazwell WV: McDowel
Midwest Coal Sales Company (in KY a/k/a Westward Coal Sales Company)	1500 North Big Run Road Ashland, KY 41102	35-1599521	KY: Jefferson OH: Clermont, Hamilton

ANNEX C (Cont.) - CVHC

<u>PLEDGOR</u>	<u>CHIEF EXECUTIVE OFFICE</u>	<u>TAX ID NUMBER</u>	<u>OTHER LOCATIONS (STATE: COUNTY)</u>
Premium Processing, Inc.	1500 North Big Run Road Ashland, KY 41102	55-0750451	VA: Tazwell WV: McDowel
Roaring Creek Coal Company	1500 North Big Run Road Ashland, KY 41102	35-1597000	KY: Arapahoe, Jefferson
Skyline Coal Company (Partnership)	1500 North Big Run Road Ashland, KY 41102	61-1128411	WV: Kanawha
Straight Creek Coal Resources Company	1500 North Big Run Road Ashland, KY 41102	36-3317309	KY: Bell, Harlan, Jefferson, Knox, Leslie, Whitley

ANNEX C (Cont.) - WVICH

<u>PLEDGOR</u>	<u>CHIEF EXECUTIVE OFFICE</u>	<u>FEIN</u>	<u>OTHER LOCATIONS (State: County)</u>
Beech Coal Company	1500 North Big Run Road Ashland, KY 41102	06-1187153	IN: Knox
Cannelton, Inc.	1500 North Big Run Road Ashland, KY 41102	55-0711787	WV: Kanawha, Clay, Fayette, McDowell, Nicholas, Raleigh
Cannelton Industries, Inc.	1500 North Big Run Road Ashland, KY 41102	55-0136145	WV: Boone, Clay, Fayette, Kanawha, McDowell, Nicholas
Cannelton Land Company	1500 North Big Run Road Ashland, KY 41102	55-0715858	WV: Boone, Clay, Fayette, Kanawha, McDowell, Nicholas
Cannelton Sales Company	1500 North Big Run Road Ashland, KY 41102	55-0677801	WV: Clay, Fayette, Kanawha, McDowell, Nicholas
Dunn Coal & Dock Company	1500 North Big Run Road Ashland, KY 41102	55-0677800	WV: Boone, Clay, Fayette, Kanawha, McDowell, Nicholas
Hayman Holdings, Inc.	5440 Medley Road Owensboro, KY 42301	61-1313636	KY: Boyd, Jefferson
Kanawha Corporation	1500 North Big Run Road Ashland, KY 41102	84-1107027	WV: Fayette, Kanawha
Kindill Mining, Inc.	313 Frederica St., Suite 30 Owensboro, KY 42301	35-1962074	IN: Gibson, Knox, Pike, Sullivan, Vanderburgh, Warrick KY: Boyd, Daviess

ANNEX C (Cont.) - WVICH

<u>PLEDGOR</u>	<u>CHIEF EXECUTIVE OFFICE</u>	<u>FEIN</u>	<u>OTHER LOCATIONS (State: County)</u>
Midwest Coal Company	1500 North Big Run Road Ashland, KY 41102	84-1324803	IN: Clay, Knox, Sullivan, Vigo KY: Muhlenberg WV: Randolph, Upshur IL: Wabash
Mountain Coals Corporation	1500 North Big Run Road Ashland, KY 41102	63-0725639	KY: Jefferson, Knott, Knox, Laurel, Perry
Yankeetown Dock Corporation	1500 North Big Run Road Ashland, KY 41102	35-0923438	IN: Warrick

ANNEX C (Cont.) - ZCHC

Americoal Development Company	50 Jerome Lane Fairview Heights, IL 62208	37-1302915	KY: Boyd
Bellaire Trucking Company	50 Jerome Lane Fairview Heights, IL 62208	76-0012930	KY: Boyd
Bluegrass Coal Development Company	50 Jerome Lane Fairview Heights, IL 62208	76-0078312	AR: Calhoun IL: Christian, Logan, Macon, Montgomery, Sangaman IN: Vanderburgh, Warrick KY: Boyd, Fayette, Franklin MT: Big Horn WY: Campbell, Sheridan /
East Kentucky Energy Corporation	50 Jerome Lane Fairview Heights, IL 62208	54-0971896	KY: Boyd, Floyd, Knott, Letcher, Martin, Pike WV: Boone, Calhoun, Clay, Kanawha, Lincoln, Mingo, Nicholas, Wayne, Webster, Wyoming
Encoal Corporation	50 Jerome Lane Fairview Heights, IL 62208	76-0287726	KY: Boyd WY: Campbell
EnerZ Corporation	50 Jerome Lane Fairview Heights, IL 62208	37-1362012	KY: Boyd NY: New York
Evergreen Mining Company	50 Jerome Lane Fairview Heights, IL 62208	54-1206519	KY: Boyd WV: Mingo, Nicholas, Webster

TRADEMARK
REEL: 1803 FRAME: 0912

ANNEX C (Cont.) - ZCHC

Fairview Land Company	50 Jerome Lane Fairview Heights, IL 62208	37-1267975	AR: Saline IL: Douglas, Franklin, Jefferson, Macoupon, Madison, Perry, Randolph, St. Clair, Williamson IN: Gibson, Knox, Pike, Warrick, Vanderburgh KY: Boyd, Martin OH: Coshocton, Guernsey, Muskingum TX: Jim Hogg, Limestone, Milam WV: Lewis, Mingo
Franklin Coal International, Inc.	50 Jerome Lane Fairview Heights, IL 62208	66-0477263	KY: Boyd
Franklin Coal Sales Company	50 Jerome Lane Fairview Heights, IL 62208	13-3121923	CO: Arapahoe KY: Boyd, Fayette, Jefferson WV: Kanawha
Heritage Mining Company	50 Jerome Lane Fairview Heights, IL 62208	61-1286455	KY: Boyd, Franklin
Kermit Coal Company	50 Jerome Lane Fairview Heights, IL 62208	55-0515741	KY: Boyd, Franklin WV: Mingo
Mountaineer Coal Development Company	50 Jerome Lane Fairview Heights, IL 62208	54-0989613	KY: Boyd, Martin VA: Newport News WV: Kanawha, Mingo
NuCoal, LLC	50 Jerome Lane Fairview Heights, IL 62208	36-4143611	KY: Boyd WY: Campbell

ANNEX C (Cont.) - ZCHC

Old Ben Coal Company	50 Jerome Lane Fairview Heights, IL 62208	34-1291413	IL: Christian, Douglas, Franklin, Hamilton, Jefferson, Logan, Macoupon, Madison, Menard, Montgomery, Perry, Randolph, Sangamen, Williamson IN: Knox KY: Boyd, Muhlenberg WV: Mingo
Phoenix Land Company	50 Jerome Lane Fairview Heights, IL 62208	37-1302916	IN: St. Clair KY: Boyd, Jefferson
Premium Coal Development Company	50 Jerome Lane Fairview Heights, IL 62208	36-4186350	KY: Boyd OH: Coshocton, Guernsey, Harrison, Muskingum
R. & F. Coal Company	50 Jerome Lane Fairview Heights, IL 62208	34-0832344	KY: Boyd OH: Belmont, Coshocton, Guernsey, Harrison, Jefferson, Noble, Tuscarawas
Shipyard River Coal Terminal Company	50 Jerome Lane Fairview Heights, IL 62208	54-1156890	KY: Boyd, Floyd, Knott, Martin, Pike SC: Charleston
Triton Coal Company	50 Jerome Lane Fairview Heights, IL 62208	74-2121676	IN: Vanderburgh KY: Boyd WY: Campbell
Turris Coal Company	50 Jerome Lane Fairview Heights, IL 62208	74-2121674	IL: Logan, Sangamon IN: Vanderburgh, Warrick KY: Boyd

ANNEX C (Cont.) - ZCHC

Zeigler Environmental Services Company	50 Jerome Lane Fairview Heights, IL 62208	36-4143610	KY: Boyd
Zeigler International, Inc.	50 Jerome Lane Fairview Heights, IL 62208 (618) 394-2400	N/A	KY: Boyd
Zeigler Property Development Company	50 Jerome Lane Fairview Heights, IL 62208	36-4168193	KY: Boyd
Zenergy, Inc.	50 Jerome Lane Fairview Heights, IL 62208	35-1870468	KY: Boyd

TRADEMARK
REEL: 1803 FRAME: 0916

EXHIBIT 1

Form of Issuer Acknowledgment

The undersigned hereby (i) acknowledges receipt of a copy of that certain security agreement (as amended, amended and restated, supplemented or otherwise modified from time to time, the "Agreement"; capitalized terms used herein but not defined herein have the meanings given such terms in the Agreement), dated as of September __, 1998, among AEI Resources, Inc. (the "Borrower"), the Guarantors from time to time party thereto and UBS AG, Stamford Branch, as administrative agent (in such capacity and together with any successors in such capacity, the "Administrative Agent"), (ii) agrees promptly to note on its books the security interests granted and confirmed under the Agreement, (iii) agrees that it will comply with instructions of the Administrative Agent with respect to the applicable Securities Collateral without further consent by the applicable Pledgor, (iv) agrees to notify the Administrative Agent upon obtaining knowledge of any interest in favor of any Person in the applicable Securities Collateral that is adverse to the interest of the Administrative Agent therein and (v) waives any right or requirement at any time hereafter to receive a copy of the Agreement in connection with the registration of any Securities Collateral thereunder in the name of the Administrative Agent or its nominee or the exercise of voting rights by the Administrative Agent or its nominee.

[NAME OF ISSUER]

By: _____
Name:
Title:

Note: This form should be signed by each issuer of uncertificated Securities Collateral.

EXHIBIT 2

Form of Financial Account Consent Agreement

[Name of Pledgor]
[Address of Pledgor]

[Date]

[Name and
address of
Financial Institution]

Ladies and Gentlemen:

We refer to account numbers _____ and _____ (the "Financial Accounts") maintained with [Name of Financial Institution] (the "Financial Institution") by [Name of Pledgor] (the "Company") and into which certain moneys, instruments, securities and other property are or may be deposited from time to time. The Company has granted to UBS AG, Stamford Branch, as administrative agent (in such capacity and together with any successors in such capacity, the "Administrative Agent") for the benefit of the Secured Parties under, and as defined in, that certain security agreement (as amended, amended and restated, supplemented or otherwise modified from time to time, the "Agreement"), dated as of September __, 1998, among AEI Resources, Inc. (the "Borrower"), the Guarantors from time to time party thereto and the Administrative Agent, a security interest in the Financial Account Collateral (as defined in the Agreement), including, without limitation, all moneys, instruments, securities and other property deposited therein and all certificates or other instruments, if any, representing or evidencing the Financial Accounts. It is a condition to the continued maintenance of the Financial Accounts with the Financial Institution that the Financial Institution agrees to this letter agreement.

The parties hereto agree as follows:

1. The Financial Institution hereby confirms that the Company has established with it the Financial Accounts. The Financial Institution hereby agrees that from and after the date hereof the Financial Accounts shall be under the exclusive

dominion and control of the Administrative Agent and all mon-
eys, instruments, securities and other property of the Company
received in connection therewith, whether or not deposited in
the Financial Accounts, shall be held solely for the benefit of
the Administrative Agent. Except as otherwise provided herein,
the Financial Accounts shall be subject to written instructions
only from the Administrative Agent.

2. The Financial Institution hereby agrees to do
the following:

(a) follow its usual operating procedures for the
handling of any remittance received in the Financial Ac-
counts that contains restrictive endorsements, irregulari-
ties, such as a variance between the written and numerical
amounts, undated or postdated items, missing signature and
incorrect payee;

(b) endorse and process all eligible checks and
other remittance items not covered by subparagraph (a)
above and deposit such checks and other remittance items
in the Financial Accounts; and

(c) maintain a record of all checks and other remit-
tance items received in the Financial Accounts and, in ad-
dition to providing the Company with photostats, vouchers
and enclosures of checks and other remittance items re-
ceived on a daily basis, as well as a monthly statement,
furnish to the Administrative Agent, free of any service
charge payable by the Administrative Agent, its regular
Lender statement with respect to the Financial Accounts,
with the words "UBS AG, Stamford Branch, as Administrative
Agent, Re: AEI Resources, Inc." included thereon so that
there is no confusion as to ownership of the Financial Ac-
counts and so that the Administrative Agent is able to
properly identify the Financial Accounts.

3. The Financial Institution hereby agrees that no
later than 12:00 p.m. on each business day on which transac-
tions may be made with respect to the Financial Accounts, with-
out further notice or instruction of any kind, to transfer (by
wire transfer) the total of all immediately available funds or
credits in each Financial Account to the concentration account,
account no. _____, ABA # _____, reference:
AEI Resources, Inc. (the "Concentration Account") maintained by
the Company with the Administrative Agent at its office located
at _____.

The Administrative Agent hereby instructs the Financial Institution to follow the instructions of the Company with respect to the disposition of any and all moneys, instruments, securities and other property deposited in the Financial Accounts as directed by the Company unless and until the Financial Institution has received written instructions to the contrary from the Administrative Agent, in which case the Financial Institution agrees to follow such instructions from the Administrative Agent.*

The Financial Institution hereby agrees that the Administrative Agent will be entitled to all rights and remedies to which a person in control of "financial assets" (within the meaning of Section 8-102(a)(9) of the Uniform Commercial Code as in effect in the State of New York (the "UCC")) is entitled pursuant to Part 5 of Article 8 of the UCC and Article 9 of the UCC, and , subject to the provisions of the immediately preceding paragraph, the Financial Institution agrees to follow the instructions of the Administrative Agent with respect to the disposition of any and all moneys, instruments, securities, and other property deposited in the Financial Accounts.

Without limiting the foregoing, if at any time the Financial Institution shall receive an "entitlement order" (within the meaning of Section 8-102(a)(8) of the UCC) issued by the Administrative Agent and relating to the Financial Accounts, the Financial Institution shall comply with such entitlement order without further consent of the Borrower, the Company or any other person or entity. The Financial Institution hereby agrees that it shall be a "securities intermediary" within the meaning of Section 8-102(a)(14) of the UCC and that the Financial Accounts shall be maintained as "securities accounts" (as such term is defined in Section 8-501(a) of the UCC) to the extent that any "investment property" (as defined

* Note: The first paragraph in this Section 3 is only for Financial Institutions that have collection accounts for receivables of the Company, and the second paragraph is only for Financial Institutions that maintain disbursement accounts of the Company. The disbursement accounts are the accounts where the Pledgors may keep their Financial Account Collateral that is not subject to the daily sweep requirement of Section 9(b) of the Agreement. Any funds in excess of such amount will have to be swept into the concentration account by the Pledgors.

in Section 9-115 of the UCC) is maintained in or in respect of the Financial Accounts and that each item of investment property credited to a Financial Account shall be treated as a financial asset. The Financial Institution further agrees that all securities or other investment property underlying any financial assets credited to any Financial Account shall be registered in the name of the Financial Institution, endorsed to it or in blank or credited to another securities account maintained in its name.

4. Except for the claims and interest of the Administrative Agent and the Company in the Financial Accounts, the Financial Institution hereby acknowledges that it does not know of any claim to, or interest in, the Financial Accounts or in any financial asset credited thereto. If any person or entity asserts any lien, encumbrance or adverse claim (including any writ, garnishment, judgment, warrant of attachment, execution or similar process) against the Financial Accounts or in any financial asset carried therein, the Financial Institution will promptly notify the Administrative Agent, the Borrower and the Company thereof.

5. The Financial Institution hereby waives and agrees not to assert, claim or endeavor to exercise, and by executing this letter agreement bars and estops itself from asserting, claiming or exercising, and the Financial Institution acknowledges that it has not heretofore received a notice from any other party asserting, claiming or exercising, any right of setoff, banker's lien or other purported form of claim with respect to the Financial Accounts and funds from time to time therein. The Financial Institution shall have no rights in the Financial Accounts or the funds therein. To the extent that it may ever have any such rights, the Financial Institution hereby expressly subordinates all such rights to all rights of the Administrative Agent.

6. The Financial Institution shall not be liable for any action taken or omitted by it with respect to the Financial Accounts on the instructions of the Administrative Agent, and the Financial Institution shall not have any duty or responsibility to ascertain whether any such instructions are consistent with the Agreement or the other credit documents relating thereto. The Financial Institution may rely on any certificate, statement, request, agreement or other instrument it believes in good faith to be genuine and to have been signed or presented by or on behalf of the Administrative Agent. In maintaining the Financial Accounts hereunder, the Financial Institution may consult with counsel and shall be fully protected

with respect to any action taken or omitted by it in good faith on advice of counsel and shall have no liability hereunder except for its bad faith, willful misconduct or gross negligence with respect to its obligations hereunder.

7. The Company hereby agrees to indemnify the Financial Institution against and save the Financial Institution harmless from any and all claims, liabilities, reasonable costs and expenses, including reasonable out-of-pocket fees and expenses of counsel, for anything done or omitted by the Financial Institution in good faith in connection with this letter agreement, including reasonable costs and expenses of defending itself against any claim or liability; provided, however, that the Financial Institution shall not have the right to be indemnified hereunder for its bad faith, gross negligence or willful misconduct.

8. The Financial Institution may terminate this letter agreement only upon thirty days' prior written notice to that effect to the Company and the Administrative Agent and by canceling the Financial Accounts maintained with it and transferring all funds, if any, in such Financial Accounts to the Administrative Agent. After any such termination, the Financial Institution shall nonetheless remain obligated promptly to transfer to the Administrative Agent at its address anything from time to time received in respect of the Financial Accounts.

9. This letter agreement shall be binding upon the parties hereto and their respective successors and assigns. This letter agreement may be executed in counterparts, each of which will be deemed an original and all of which taken together shall constitute one and the same instrument.

THE "SECURITIES INTERMEDIARY'S JURISDICTION" WITHIN THE MEANING OF SECTION 8-110(E) OF THE UCC IS AND SHALL CONTINUE TO BE THE STATE OF NEW YORK. THIS LETTER AGREEMENT SHALL BE GOVERNED BY THE LAWS OF THE STATE OF NEW YORK, EXCLUDING (TO THE GREATEST EXTENT PERMITTED BY LAW) ANY RULE OF LAW THAT WOULD CAUSE THE APPLICATION OF THE LAWS OF ANY JURISDICTION OTHER THAN THE STATE OF NEW YORK.

Very truly yours,

[NAME OF PLEDGOR]

By: _____

Name:

Title:

UBS AG, STAMFORD BRANCH,
as Administrative Agent

By: _____

Name:

Title:

Acknowledged and agreed to
as of the date first above written.

[FINANCIAL INSTITUTION]

By: _____

Name:

Title:

Form of Securities Pledge AmendmentPLEDGE AMENDMENT

This Pledge Amendment, dated _____, is delivered pursuant to Section 7 of the Agreement referred to below. The undersigned hereby agrees that this Pledge Amendment may be attached to the Security Agreement, dated as of September __, 1998, among the undersigned, certain other Pledgors and UBS AG, Stamford Branch, as administrative agent (the "Agreement"; capitalized terms used herein and not defined shall have the meanings assigned to them in the Agreement) and that the Pledged Securities and/or Intercompany Notes listed on this Pledge Amendment shall be deemed to be and shall become part of the Pledged Collateral and shall secure all Secured Obligations.

as Pledgor

By: _____
Name:
Title:

Pledged Securities

<u>ISSUER</u>	<u>CLASS OF STOCK</u>	<u>PAR VALUE</u>	<u>CERTIFICATE NO(S)</u>	<u>NUMBER OF SHARES</u>	<u>PERCENTAGE OF ALL ISSUED CAPITAL OR OTHER EQUITY INTERESTS OF ISSUER</u>
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Intercompany Notes

<u>ISSUER</u>	<u>PRINCIPAL AMOUNT</u>	<u>DATE OF ISSUANCE</u>	<u>INTEREST RATE</u>	<u>MATURITY DATE</u>
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Form of Joinder Agreement

[Name of New Pledgor]
[Address of New Pledgor]

[Date]

UBS AG, Stamford Branch,
as Administrative Agent
677 Washington Boulevard
Stamford, Connecticut 06912

Ladies and Gentlemen:

Reference is made to that certain security agreement (the "Agreement"), dated as of September __, 1998, made by AEI Resources, Inc. (the "Borrower"), each of the Guarantors listed on the signature pages thereto or from time to time party thereto by execution of a joinder agreement and UBS AG, Stamford Branch, as administrative agent for the Secured Parties identified therein. Capitalized terms used herein but not otherwise defined herein have the meanings given such terms in the Agreement.

This letter supplements the Agreement and is delivered by the undersigned, _____ (the "New Pledgor"), pursuant to Section 22 of the Agreement. The New Pledgor hereby agrees to be bound as a Guarantor and as a Pledgor by all of the terms, covenants and conditions set forth in the Agreement to the same extent that it would have been bound if it had been a signatory to the Agreement on the execution date of the Agreement. The New Pledgor hereby makes each of the representations and warranties and agrees to each of the covenants applicable to the Pledgors contained in the Agreement.

Attached hereto are supplements to each of the schedules and annexes to the Agreement with respect to the New Pledgor. Such supplements shall be deemed to be part of the Agreement.

This agreement and any amendments, waivers, consents or supplements hereto may be executed in any number of counterparts and by different parties hereto in separate counterparts,

each of which when so executed and delivered shall be deemed to be an original, but all such counterparts together shall constitute one and the same agreement.

THIS AGREEMENT SHALL BE GOVERNED BY, AND SHALL BE CONSTRUED AND ENFORCED IN ACCORDANCE WITH, THE LAW OF THE STATE OF NEW YORK, EXCLUDING (TO THE GREATEST EXTENT PERMITTED BY LAW) ANY RULE OF LAW THAT WOULD CAUSE THE APPLICATION OF THE LAWS OF ANY JURISDICTION OTHER THAN THE STATE OF NEW YORK.

IN WITNESS WHEREOF, the New Pledgor has caused this letter agreement to be executed and delivered by its duly authorized officer as of the date first above written.

[NEW PLEDGOR]

By: _____
Name:
Title:

AGREED TO AND ACCEPTED:

UBS AG, Stamford Branch,
as Administrative Agent

By: _____
Name:
Title:

[Schedules and Annexes to be attached]