



RECORDATION NO. \_\_\_\_\_ Filed & Recorded

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INTERSTATE COMMERCE COMMISSION

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THIRD  
AMENDMENT  
TO  
SECURITY AGREEMENT AND FINANCING STATEMENT

among

ZEIGLER COAL COMPANY,

JEFFERSON OIL & GAS CORPORATION

and

CONTINENTAL ILLINOIS NATIONAL BANK  
AND TRUST COMPANY OF CHICAGO

Dated as of February 20, 1987

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AMENDMENT  
TO  
SECURITY AGREEMENT AND FINANCING STATEMENT

THIS AMENDMENT TO SECURITY AGREEMENT AND FINANCING STATEMENT, dated as of February 20, 1987 (this "Amendment"), is among ZEIGLER COAL COMPANY, an Illinois corporation (herein called "Surviving Zeigler Coal"), JEFFERSON OIL & GAS CORPORATION, an Illinois corporation (herein called "Jefferson" and, together with Surviving Zeigler Coal, collectively called the "Assignors" and individually called an "Assignor"), and CONTINENTAL ILLINOIS NATIONAL BANK AND TRUST COMPANY OF CHICAGO, a national banking association (herein called the "Bank").

W I T N E S S E T H:

WHEREAS, a corporate predecessor of Surviving Zeigler Coal, Jefferson and Zeto Industries, Inc., an Illinois corporation (herein called "Zeto") have entered into with the Bank that certain Security Agreement and Financing Statement, dated as of January 31, 1985 and heretofore amended (as so amended, herein called the "Security Agreement"), to secure, among other things, payment of indebtedness owed or to be owing to the Bank pursuant to the terms of a certain Loan Agreement, dated as of January 31, 1985 and heretofore amended (as amended, herein called the "Loan Agreement"), among Zeigler Coal Holding Company (being the entity referred to as "Holding" in the Security Agreement and being herein referred to by the same term), the predecessor corporations of Surviving Zeigler Coal and the Bank;

WHEREAS, Surviving Zeigler Coal is the "Surviving Zeigler Coal" referred to in the Security Agreement;

WHEREAS, Zeto has been dissolved and the Security Agreement has been amended so as to, among other things, delete Zeto as a party;

WHEREAS, the Security Agreement has been filed as set forth in Schedule I hereto;

WHEREAS, the Loan Agreement has been amended pursuant to a certain Amendment to Loan Agreement, dated as of February 20, 1987 (herein called the "Loan Agreement Amendment"; the Loan Agreement, as amended by the Loan Agreement Amendment, being herein called the "Amended Loan Agreement"), among Surviving Zeigler Coal, Holding and the Bank;

WHEREAS, pursuant to the Amended Loan Agreement the Bank has agreed, subject to the terms and conditions thereof, to from time to time issue letters of credit (collectively, the "Letters of Credit") in an aggregate outstanding face amount not to exceed \$2,500,000 to support certain black lung liabilities of Surviving Zeigler Coal, the issuance of such Letters of Credit shall constitute a utilization of the credit which might otherwise be available under the Loan Agreement for the making of loans;

WHEREAS, a condition precedent to the effectiveness of the Loan Agreement Amendment is the execution and delivery of this Amendment; and

WHEREAS, the parties hereto desire to amend the Security Agreement so as, among other things, to include in the Liabilities (as defined in the Security Agreement and used herein with the meaning assigned to such term therein) all obligations and liabilities of Surviving Zeigler Coal to the Bank now or hereafter existing under or in connection with each of the Letters of Credit, and all other obligations and liabilities of Surviving Zeigler Coal under the Amended Loan Agreement;

NOW, THEREFORE, in consideration of the premises and of the mutual covenants herein contained, the parties agree as follows:

1. All obligations and liabilities of Surviving Zeigler Coal to the Bank now or hereafter existing under or in connection with each of the Letters of Credit and all other obligations and liabilities of Surviving Zeigler Coal under or in connection with the Amended Loan Agreement are hereby made a part of the Liabilities, and the term "Liabilities" shall, when used in the Security Agreement, be deemed to include all obligations and liabilities of Surviving Zeigler Coal to the Bank now or hereafter existing under or in connection with each of the Letters of Credit and all other obligations and liabilities of Surviving Zeigler Coal under or in connection with the Amended Loan Agreement as well as and in addition to the items of Liabilities described in the Security Agreement. Each reference in the Security Agreement to the Loan Agreement shall be deemed to include reference to the Amended Loan Agreement.

2. All warranties, covenants and agreements contained in the Security Agreement are hereby remade by the Assignors, and are in full force and effect as of the date hereof. →  
Except insofar as borrower has provided the bank with written notice of changes or exceptions thereto.

*W. J. Brown*

3. This instrument shall be deemed to be an amendment to the Security Agreement, and as hereby amended, the Security Agreement is in all respects ratified, approved, and confirmed. All references to the Security Agreement shall hereafter be deemed to refer to the Security Agreement as amended hereby.

4. This Amendment shall be deemed to be a contract made under the laws of the State of Illinois and for all purposes shall be construed in accordance with the laws of the State of Illinois.

IN WITNESS WHEREOF, the parties hereto have caused this Amendment to be executed by their respective officers thereto authorized, as of the date first above written.

Address:

ZEIGLER COAL COMPANY

331 Salem Place  
Fairview Heights, Illinois 62208  
Attention: President

By Michael K. Reilly  
President

Address:

JEFFERSON OIL & GAS  
CORPORATION

331 Salem Place  
Fairview Heights, Illinois 62208  
Attention: President

By Michael K. Reilly  
Title: PRESIDENT

Address:

CONTINENTAL ILLINOIS NATIONAL BANK  
AND TRUST COMPANY OF CHICAGO

231 South LaSalle Street  
Chicago, Illinois 60697  
Attention: Mining Division

By D. V. Weyman  
Vice President

SCHEDULE I

A. Security Agreement and Financing Statement, dated as of January 31, 1985, executed by Zeigler Coal Company, Jefferson Oil & Gas Corporation, Zeto Industries, Inc. and Continental Illinois National Bank and Trust Company of Chicago, was filed as follows:

<u>Secretary of State</u>	<u>UCC Recording Data</u>
Illinois	1/31/85 - #1960781
Indiana	2/5/85 - #1117235
Colorado	2/5/85 - #773841
Florida	2/5/85 - #1850017044
Kentucky	2/5/85 - #115316
Missouri	2/5/85 - #1162739
Texas	2/5/85 - #85-029764
Iowa	2/5/85 - #H192961
<u>Interstate Commerce Commission</u>	2/4/85 - #14568

B. First Amendment to Security Agreement and Financing Statement, dated as of December 19, 1985, between Zeigler Coal Company, certain subsidiaries of Zeigler Coal Company and Continental Illinois National Bank and Trust Company of Chicago, was filed as follows:

<u>Secretary of State</u>	<u>UCC Recording Data</u>
Colorado	1/13/86 - #862531
Florida	1/9/86 - #3860001739
Illinois	1/14/86 - #2091913
Indiana	1/10/86 - #1215892
Iowa	1/6/86 - #H389242
Kentucky	1/6/86 - #115317

Missouri

1/13/86 - #1282092

Texas

2/12/86 - #85-029764

Interstate Commerce  
Commission

1/14/86 - #14568-A

C. Certain other amendments to the document referred to in item A above are being filed contemporaneously herewith.