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To the Honorable Commissioner of

attached original documents or copy thereof.

1. Name of conveying party(ies):

Peabody Coal Company

- Individual(s)
- General Partnership
- Corporation-State - Delaware
- Other

- Association
- Limited Partnership

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

3. Nature of conveyance:

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

Execution Date: June 9, 1998

Name and address of receiving party(ies)

Name: The First National Bank of Chicago,
as Administrative Agent

Internal Address: Mail Suite 0362

Street Address: One First National Plaza

City: Chicago State: IL ZIP: 60670

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

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

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

A. Trademark Application No.(s)

B. Trademark Registration No.(s)

See attached Schedule A

Additional numbers attached? Yes No

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

Name: Rosalind Rodburg

Internal Address:

Street Address: Latham & Watkins

885 Third Avenue

City: New York State: NY ZIP: 10022

6. Total number of applications and registrations involved: 7

7. Total fee (37 CFR 3.41).....\$ 190.00

Enclosed

Authorized to be charged to deposit account

8. Deposit account number:

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

07/10/1998 DWDYEN 00000036 303686

DO NOT USE THIS SPACE

01 FC:481
02 FC:482

40.00 DP
150.00 DP

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.

Rosalind Rodburg
Name of Person Signing

Rosalind Rodburg
Signature

6-15-98

Date

Total number of pages including cover sheet, attachments, and document: 7

Mail documents to be recorded with required cover sheet information to:
Commissioner of Patents & Trademarks, Box Assignments
Washington, D.C. 20231

SCHEDULE A

Peabody Coal Company

TRADEMARKS

Registration Number	Country	Trade Mark
305866	United States	Chieftain
453064	United States	Seneca
377793	United States	Westplan & Design
722430	United States	Power for Progress
719422	United States	Tebo
162457	United States	Chemcoke
313081	United States	Sycamore

TRADEMARK LICENSES

None

TRADEMARK SECURITY AGREEMENT

THIS TRADEMARK SECURITY AGREEMENT, dated as of June 9, 1998 (this "Agreement"), made by PEABODY COAL COMPANY, a Delaware corporation (the "Grantor"), in favor of THE FIRST NATIONAL BANK OF CHICAGO (the "Secured Party"), as Administrative Agent on behalf of the Lenders (as defined hereinafter) under that certain Credit Agreement.

RECITALS

WHEREAS, pursuant to the Amended and Restated Credit Agreement, dated as of June 9, 1998 (as the same may be further amended, restated, modified or supplemented from time to time, the "Credit Agreement"), by and among P&L Coal Holdings Corporation, a Delaware corporation (the "Borrower"), the several lenders from time to time parties hereto (the "Lenders"), Lehman Brothers Inc., as arranger (in such capacity, the "Arranger"), Lehman Commercial Paper Inc., as syndication agent (in such capacity, the "Syndication Agent"), Bank of America National Trust & Savings Association and The Fuji Bank, Limited, each as documentation agent (in such capacity, the "Documentation Agents") and the Secured Party, as administrative agent for the Lenders (in such capacity, the "Administrative Agent," together with the Documentation Agent, Syndication Agent and the Arranger, the "Agents"), the Lenders have severally agreed to make extensions of credit to the Borrower upon the terms and subject to the conditions set forth therein;

WHEREAS, the Grantor is a member of an affiliated group of companies that includes the Borrower;

WHEREAS, the proceeds of the extensions of credit under the Credit Agreement will be used in part to enable the Borrower to make valuable transfers to the Grantor in connection with the operation of their respective businesses and to finance the costs of the Acquisition;

WHEREAS, the Borrower and the Grantor are engaged in related businesses, and the Grantor will derive substantial direct and indirect benefit from the making of the extensions of credit under the Credit Agreement;

WHEREAS, the Grantor contemporaneously herewith became a party to the Guarantee and Collateral Agreement (as defined in the Credit Agreement) pursuant to which it has guaranteed the obligations of the Borrower under the Credit Agreement and of other subsidiaries of the Borrower under the Guarantee and Collateral Agreement and has agreed to provide collateral security for such guarantees;

WHEREAS, it is a condition precedent to the obligation of the Lenders to make their respective extensions of credit to the Borrower under the Credit Agreement that the Grantor shall have executed and delivered this Agreement to the Secured Party for the ratable benefit of the Agents and the Lenders; and

WHEREAS, the Grantor has adopted and is the owner of the trademarks and service marks described in Schedule A annexed hereto and made a part hereof;

NOW, THEREFORE, for and in consideration of the loans and advances to be made under the Credit Agreement and other good and valuable consideration, the receipt of which is hereby acknowledged, the parties agree as follows:

1. Definitions: Terms defined in the Credit Agreement and not otherwise defined herein shall have the meanings set forth in the Credit Agreement. As used in this Agreement, unless the context otherwise requires:

"Trademark License" shall mean any agreement, whether written or oral, providing for the grant by or to any Grantor of any right to use any Trademark (as defined below), including, without limitation, any of the foregoing referred to on Schedule A attached hereto.

"Trademark" or "Trademarks" shall mean (i) all trademarks, trade names, corporate names, company names, business names, fictitious business names, trade styles, service marks, logos and other source or business identifiers, and all goodwill associated therewith, now existing or hereafter adopted or acquired, all registrations and recordings thereof, and all applications in connection therewith, whether in the United States Patent and Trademark Office or in any similar office or agency of the United States, any State thereof or any political subdivision thereof, or otherwise, and all common-law rights related thereto, including, without limitation, any of the foregoing referred to on Schedule A attached hereto, (ii) the right to obtain all renewals thereof, and (iii) Trademark Licenses.

2. Grant of Security Interest: As collateral security for the full and prompt payment and performance of all Obligations, the Grantor does hereby mortgage and pledge to the Secured Party, for its benefit and the benefit of the other Agents and the Lenders, and grant the Secured Party, for its benefit and the benefit of the other Agents and the Lenders, a first priority security interest in, all of its right, title and interest in and to each of the Trademarks (as defined below) described in Schedule A and any Trademark at any time hereafter acquired by Grantor or in which Grantor at any time in the future may acquire or develop any right, title or interest (collectively, the "Collateral").

3. Representations and Covenants: The Grantor hereby represents, warrants, covenants and agrees as follows:

i) The Grantor will perform all acts and execute all documents, including, without limitation, assignments for security in form suitable for filing with the United States Patent and Trademark Office, requested by the Secured Party at any time to evidence, perfect, maintain, record and enforce the Lenders' and the Agents' interest in the Collateral or otherwise in furtherance of the provisions of this Agreement, and the Grantor hereby authorizes the Secured Party to execute and file one or more financing statements (and similar documents) or copies thereof or of this Agreement with respect to the Collateral signed only by the Secured Party.

ii) The Grantor has the right and power to make the assignment and to grant the security interest herein granted; and the Collateral is not now, and at all times hereafter will not be, subject to any liens, mortgages, assignments, security interests or encumbrances of any nature whatsoever, except in favor of the Secured Party, and to the best knowledge of the Grantor none of the Collateral is subject to any claim.

iii) Except as otherwise permitted by the Credit Agreement or the Guarantee and Collateral Agreement, the Grantor will not assign, sell, mortgage, lease, transfer, pledge, hypothecate, grant a security interest in or lien upon, grant an exclusive or non-exclusive license, or otherwise dispose of any of the Collateral, and nothing in this Agreement shall be deemed a consent by the Secured Party to any such action except as expressly permitted therein.

4. Events of Default and Remedies: Upon the occurrence of an Event of Default, the Secured Party and the Lenders shall have the rights set forth in the Credit Agreement and the Guarantee and Collateral Agreement.

5. Term: This Agreement shall terminate upon payment in full of all of Grantor's Obligations and termination of the Credit Agreement. Upon termination of this Agreement, the Secured Party shall, at the expense of Grantor, execute and deliver to Grantor all such releases and termination statements as may be reasonably necessary.

6. Additional Trademarks, Etc.: If at any time before the termination of this Agreement pursuant to Section 5 hereof, Grantor shall obtain or acquire rights in or licenses to any Trademark or Trademark License, or become entitled to the benefit of any trademark application or trademark for any reissue, divisions, continuation, renewal, extension or continuation-in-part of any patent or any improvement on any trademark, the provisions of Section 2 shall automatically apply thereto and Grantor shall give the Secured Party prompt written notice thereof. Grantor authorizes the Secured Party to modify this Agreement by amending Schedule A to include any future trademarks, trademark applications and trademark licenses covered by Section 2 or by this Section 6 of this Agreement, and further authorizes the Secured Party to record such filings with the United States Patent and Trademark Office as may be required to perfect the Lien of the Secured Party in such future trademarks, trademark applications and trademark licenses covered by Section 2 or by this Section 6.

7. Miscellaneous:

i) No provision hereof shall be modified, altered or limited except by a written instrument expressly referring to this Agreement and executed by the party to be charged.

ii) In the event that any provision hereof shall be deemed to be invalid by any Court, such invalidity shall not affect the remainder of this Agreement.

iii) Any failure or delay by the Secured Party or the Lenders to require strict performance by the Grantor of any of the provisions, warranties, terms, and conditions contained herein or in any other agreement, document, or instrument, shall not affect the Secured Party's

or the Lenders' right to demand strict compliance and performance therewith, and any waiver of any default shall not waive or affect any other default, whether prior or subsequent thereto, and whether of the same or of a different type. None of the warranties, conditions, provisions, and terms contained herein or in any other agreement, document, or instrument shall be deemed to have been waived by any act or knowledge of the Agents, the Lenders, or any of their respective agents, officers, or employees, but only by an instrument in writing, signed by an officer of the Secured Party and directed to the Grantor, specifying such waiver.

iv) In the event of any conflict between the terms of this Agreement and the terms of either the Credit Agreement or the Guarantee and Collateral Agreement, the terms of the Credit Agreement or the Guarantee and Collateral Agreement, as the case may be, shall govern.

v) This Agreement shall be governed by and construed in accordance with the laws of the State of New York, except as required by mandatory provisions of law and except to the extent that the validity or perfection of the security interest hereunder, or remedies hereunder, in respect of any particular Collateral are governed by the laws of a jurisdiction other than the State of New York and by Federal law to the extent the same has preempted the law of the State of New York or such other jurisdiction.

vi) This Agreement may be executed by one or more of the parties to this Agreement on any number of separate counterparts (including by facsimile transmission), and all of said counterparts taken together shall be deemed to constitute one and the same instrument.

[SIGNATURE PAGE FOLLOWS]

IN WITNESS WHEREOF, the Grantor and the Secured Party have caused this Agreement to be executed by their respective officers thereunto duly authorized as of the day and year first above written.

PEABODY COAL COMPANY

By: 
Name: Christopher G. Farrand
Title: Vice President

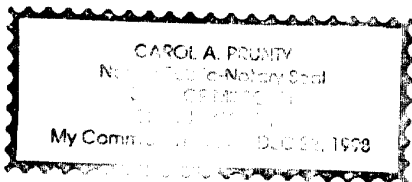
Accepted and Agreed to:

THE FIRST NATIONAL BANK OF CHICAGO,
as Secured Party

By: _____
Name:
Title:

STATE OF Missouri)
) ss:
COUNTY OF St. Louis)

On June 3, 1998, before me, the undersigned, personally appeared Chris Faurand, personally known to me (or proved to me on the basis of satisfactory evidence) to be the person who executed this instrument as Vice President of Peabody Coal Company and acknowledged to me that said corporation executed it pursuant to its by-laws or a resolution of its board of directors.



Carol A. Prunty
Notary Public in and for
said County and State

My Commission Expires:

12-22-98

IN WITNESS WHEREOF, the Grantor and the Secured Party have caused this Agreement to be executed by their respective officers thereunto duly authorized as of the day and year first above written.

PEABODY COAL COMPANY

By: _____
Name:
Title:

Accepted and Agreed to:

THE FIRST NATIONAL BANK OF CHICAGO,
as Secured Party

By: William V Clifford
Name: **WILLIAM V CLIFFORD**
Title: **Vice President**

