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August 24, 2009

Anne K. Quinlan, Esq.  
Acting Secretary  
Surface Transportation Board  
395 E. Street, S.W.  
Washington, D.C. 20423-0001

Re: NC Railroad, Inc.

Dear Ms. Quinlan:

Enclosed for recordation pursuant to the provisions of 49 U.S.C. Section 11301 is an original and one (1) copy of a Memorandum of Security Agreement, dated as of August 21, 2009, a primary document as defined in the board's Rules for the Recordation of Documents.

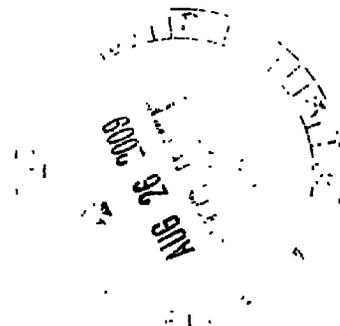
The names and addresses of the parties to the enclosed documents are:

Secured Party: Next View Partners, LLC  
95 Revere Drive, Suite A  
Northbrook, Illinois 60062

Debtor: NC Railroad, Inc.  
8915 George Williams Road  
Knoxville, Tennessee 37923

A description of the railroad equipment covered by the enclosed document is:

All assets of debtor now owned or hereafter acquired including, without limitation, all railroad equipment, railroad cars, rolling stock, locomotives, switching engines, fixtures, permits, accessories, proceeds and accessions thereto.



RECORDATION NO. 28020 FILED

AUG 26 2009

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SURFACE TRANSPORTATION BOARD

Anne K. Quinlan, Esq.  
August 24, 2009  
Page 2

A short summary of the document to appear in the index is:

Memorandum of Security Agreement.

Also enclosed is a check in the amount of \$41.00 payable to the order of the Surface Transportation Board covering the required recordation fee.

Please return stamped copies of the enclosed documents to the undersigned.

Sincerely,

A handwritten signature in black ink, appearing to read "Nancy W. Stabell". The signature is written in a cursive style with a large initial "N".

Nancy W. Stabell

NWS/tlb

cc: John McIlvery, Esq.  
William C. Donovan, Esq.

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## MEMORANDUM OF SECURITY AGREEMENT

SURFACE TRANSPORTATION BOARD

This Memorandum of Security Agreement (this "Memorandum") is made and entered into as of the 21st day of August, 2009 by and between National Coal Corporation (the "Company") and each of its subsidiaries as guarantors, including NC Railroad, Inc. (the "Debtor") and Next View Partners, LLC, as Administrative Agent for itself and the other lenders (hereinafter "Secured Party"). Pursuant to the Promissory Note, the Revolving Credit Agreement, and the Security and Guarantee Agreement, each dated as of April 9, 2009 (collectively, the "Loan Documents"), between Debtor and Secured Party, and subject to the terms and conditions contained therein, Secured Party has made certain loans and credit accommodations to the Company and Debtor.

As security for the payment and fulfillment of its obligations to Secured Party under the Loan Documents, Debtor granted to Secured Party a security interest in all now owned and hereafter acquired collateral, products, proceeds and access of and to the items described on Exhibit A hereto (the "Collateral"), together with all right, title and interest of Debtor therein and all rights and remedies thereto.

The parties make this Memorandum to confirm and perfect Secured Party's security interest in the Collateral, including without limitation all of Debtor's railroad equipment, railroad cars, rolling stock, locomotives, switching engines, fixtures, permits, accessories, proceeds and accessions thereto. Debtor and Secured Party acknowledge and confirm that this Memorandum is not a summary of the Loan Documents nor is it a complete recitation of the terms and provisions thereof. Accordingly, Secured Party and Debtor agree that in the event of a conflict between this Memorandum and the Loan Documents, the Loan Documents shall control. The parties agree that this Memorandum may be executed in counterparts, each of which when so executed shall be deemed to be an original and all of which taken together shall constitute one and the same agreement.

IN WITNESS WHEREOF, each of the parties hereto, pursuant to due corporate authority, has caused this Memorandum to be duly executed in its corporate name by its duly authorized officers, as of the date first written above.

Secured Party:

NEXT VIEW PARTNERS, LLC

By: Stewart R. Flink  
Stewart R. Flink, Manager

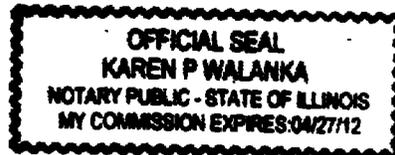
STATE OF ILLINOIS )  
COUNTY OF LAKE )

Before me, Karen P. Walanka, a Notary Public of said County and State, personally appeared Stewart R. Flink, with whom I am personally acquainted (or proved to me on the basis of satisfactory evidence), and who, upon oath, acknowledged himself to be Manager of Next View Partners, LLC, a Delaware limited liability company, the within named bargainer, and that he as such Manager, being duly authorized so to do, executed the foregoing instrument for the purposes therein contained, by signing the his name as a Manager.

Witness my hand and seal, at Office in \_\_\_\_\_, this 17 day of August, 2009.

Karen P. Walanka  
Notary Public

My Commission Expires: 4/27/12



Debtor:

Company:

NC RAILROAD, INC.

NATIONAL COAL CORPORATION

By: Michael R. Castle  
Michael R. Castle  
Chief Financial Officer

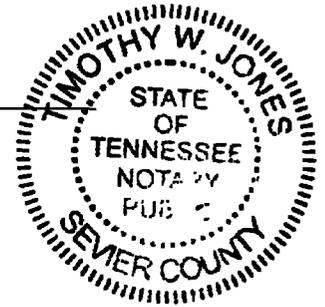
By: Michael R. Castle  
Michael R. Castle  
Sr. Vice-President & CFO

STATE OF TENNESSEE )  
COUNTY OF KNOX )

Before me, Timothy W. Jones, a Notary Public of said County and State, personally appeared Michael R. Castle, with whom I am personally acquainted (or proved to me on the basis of satisfactory evidence), and who, upon oath, acknowledged himself to be Chief Financial Officer of NC Railroad, a Tennessee corporation, the within named bargainer, and that he as such Chief Financial Officer, being duly authorized so to do, executed the foregoing instrument for the purposes therein contained, by signing the his name as a Chief Financial Officer.

Witness my hand and seal, at Office in Knoxville, this 6<sup>th</sup> day of August, 2009.

Timothy W. Jones  
Notary Public



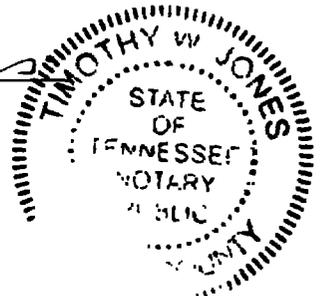
My Commission Expires: 7/23/2013

STATE OF TENNESSEE )  
COUNTY OF KNOX )

Before me, Timothy W. Jones, a Notary Public of said County and State, personally appeared Michael R. Castle, with whom I am personally acquainted (or proved to me on the basis of satisfactory evidence), and who, upon oath, acknowledged himself to be Senior Vice-President and CFO of National Coal Corporation, a Tennessee corporation, the within named bargainer, and that he as such Senior Vice-President and CFO, being duly authorized so to do, executed the foregoing instrument for the purposes therein contained, by signing the his name as a Senior Vice-President and CFO.

Witness my hand and seal, at Office in Knoxville, this 6<sup>th</sup> day of August, 2009.

Timothy W. Jones  
Notary Public



My Commission Expires: 7/23/2013

**EXHIBIT A  
COLLATERAL**

All assets of Debtor, including, without limitation:

- a) all Accounts;
- b) all Account Collateral;
- c) all Books and Records;
- d) all Chattel Paper;
- e) all Commercial Tort Claims;
- f) all Computer Hardware;
- g) all Contracts;
- h) all Documents;
- i) all Equipment;
- j) all General Intangibles;
- k) all Goods;
- l) all Instruments;
- m) all Intellectual Property;
- n) all Inventory;
- o) all Investment Property;
- p) all Letter of Credit Rights;
- q) all plant fixtures, business fixtures and other fixtures and storage or office facilities, and all accessions thereto and products thereof;
- r) all other personal property to the extent not otherwise described above; and
- s) to the extent not otherwise included, all Proceeds, Supporting Obligations and products of any and all of the foregoing and all collateral security and guarantees given by any Person with respect to the foregoing.

Each item of Collateral listed above that is defined in Articles 8 or 9 of the Illinois Uniform Commercial Code, and that is not otherwise defined in the Security Agreement shall have the meaning set forth in the Illinois Uniform Commercial Code.