



The Northern Trust Company

P.O. Box 92921
50 SOUTH LA SALLE STREET, L-4
CHICAGO, ILLINOIS 60675

ADDRESS FOR MESSENGER DELIVERY OF CORRESPONDENCE
REGARDING THIS TRANSACTION:

LETTERS OF CREDIT
10 SOUTH LA SALLE STREET, SUITE 410
CHICAGO, ILLINOIS 60603

S.W.I.F.T. ADDRESS: CNORUS44
TELEX: TRT/FTCC 824183 MCI 6871719
TELEPHONE: (312) 630-6000

IRREVOCABLE LETTER OF CREDIT

LETTER OF CREDIT NO. S265349

DATE: AUGUST 14, 1996

BENEFICIARY
U.S. NUCLEAR REGULATORY
COMMISSION
WASHINGTON, DC 20555

APPLICANT
FANSTEEL INC.
ONE TANTALUM PLACE
NORTH CHICAGO, IL 60064

L/C EXPIRATION DATE AUGUST 14, 1997

NON-NEGOTIABLE

L/C AMOUNT UP TO
\$3,706,460.00

US DOLLARS

AMOUNT IN WORDS

US DOLLARS THREE MILLION SEVEN HUNDRED SIX THOUSAND FOUR HUNDRED SIXTY AND 00/100

WE HEREBY ESTABLISH OUR IRREVOCABLE STANDBY LETTER OF CREDIT NO. S265349 IN YOUR FAVOR, AT THE REQUEST AND FOR THE ACCOUNT OF FANSTEEL INC., NUMBER ONE TANTALUM PLACE, NORTH CHICAGO, ILLINOIS 60064, UP TO THE AGGREGATE AMOUNT OF THREE MILLION SEVEN HUNDRED SIX THOUSAND FOUR HUNDRED SIXTY AND 00/100, U.S. DOLLARS (\$3,704,460.00), AVAILABLE UPON PRESENTATION OF:

1. YOUR SIGHT DRAFT, BEARING REFERENCE TO THIS LETTER OF CREDIT NO. S265349, AND
2. YOUR SIGNED STATEMENT READING AS FOLLOWS: "I CERTIFY THAT THE AMOUNT OF THE DRAFT IS PAYABLE PURSUANT TO REGULATIONS ISSUED UNDER AUTHORITY OF U.S. NUCLEAR REGULATORY COMMISSION."

THIS LETTER OF CREDIT IS ISSUED IN ACCORDANCE WITH REGULATIONS ISSUED UNDER THE AUTHORITY OF THE U.S. NUCLEAR REGULATORY COMMISSION (NRC), AN AGENCY OF THE U.S. GOVERNMENT, PURSUANT TO THE ATOMIC ENERGY ACT OF 1954, AS AMENDED, AND THE ENERGY REORGANIZATION ACT OF 1974. THE NRC HAS PROMULGATED REGULATIONS IN TITLE 10, CHAPTER I OF THE CODE OF FEDERAL REGULATIONS, PART (30, 40, 70, OR 72), WHICH REQUIRE THAT A HOLDER OF, OR AN APPLICANT FOR, A LICENSE ISSUED UNDER 10 CFR PARTS (30, 40, 70, OR 72) PROVIDE ASSURANCE THAT FUNDS WILL BE AVAILABLE WHEN NEEDED FOR DECOMMISSIONING.

THIS LETTER OF CREDIT IS EFFECTIVE AS OF AUGUST 15, 1996 AND SHALL EXPIRE ON AUGUST 15, 1997, BUT SUCH EXPIRATION DATE SHALL BE AUTOMATICALLY EXTENDED FOR A PERIOD OF ONE YEAR ON AUGUST 15,

(CONTINUED)

Charles W. Berkeley E. Allosi
AUTHORIZED SIGNATURE(S)



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1997 AND ON EACH SUCCESSIVE EXPIRATION DATE, UNLESS, AT LEAST 90 DAYS BEFORE THE CURRENT EXPIRATION DATE, WE NOTIFY BOTH YOU AND FANSTEEL INC., BY CERTIFIED MAIL, AS SHOWN ON THE SIGNED RETURN RECEIPTS. IF FANSTEEL INC. IS UNABLE TO SECURE ALTERNATIVE FINANCIAL ASSURANCE TO REPLACE THIS LETTER OF CREDIT WITHIN 30 DAYS OF NOTIFICATION OF CANCELLATION THE NRC MAY DRAW UPON THE FULL VALUE OF THIS LETTER OF CREDIT PRIOR TO CANCELLATION. THE BANK SHALL GIVE IMMEDIATE NOTICE TO THE APPLICANT AND THE NRC OF ANY NOTICE RECEIVED OR ACTION FILED ALLEGING (1) THE INSOLVENCY OR BANKRUPTCY OF THE FINANCIAL INSTITUTION OR (2) ANY VIOLATIONS OF REGULATORY REQUIREMENTS THAT COULD RESULT IN SUSPENSION OR REVOCATION OF THE BANK'S CHARTER OR LICENSE TO DO BUSINESS. THE FINANCIAL INSTITUTION ALSO SHALL GIVE IMMEDIATE NOTICE IF THE BANK, FOR ANY REASON, BECOMES UNABLE TO FULFILL ITS OBLIGATION UNDER THE LETTER OF CREDIT.

WHEN THIS LETTER OF CREDIT IS DRAWN ON UNDER AND IN COMPLIANCE WITH THE TERMS OF THIS LETTER OF CREDIT, WE SHALL DULY HONOR SUCH DRAFT UPON ITS PRESENTATION TO US WITHIN 30 DAYS, AND WE SHALL DEPOSIT THE AMOUNT OF THE DRAFT DIRECTLY INTO THE STANDBY TRUST FUND OF FANSTEEL INC. MAINTAINED WITH THE BANK OF WAUKEGAN, AS TRUSTEE UNDER TRUST NO. 2740 DATED FEBRUARY 3, 1994, IN ACCORDANCE WITH YOUR INSTRUCTIONS.

EACH DRAFT MUST BEAR ON ITS FACE THE CLAUSE: "DRAWN UNDER LETTER OF CREDIT NO. S265349, DATED AUGUST 15, 1996, AND THE TOTAL OF THIS DRAFT AND ALL OTHER DRAFTS PREVIOUSLY DRAWN UNDER THIS LETTER OF CREDIT DOES NOT EXCEED \$3,706,460.00."

WE HEREBY ENGAGE WITH YOU THAT DRAFTS AND DOCUMENTS PRESENTED UNDER AND IN COMPLIANCE WITH THE TERMS AND CONDITIONS OF THIS CREDIT WILL BE DULY HONORED IF PRESENTED AT OUR OFFICE ON OR BEFORE THE EXPIRATION DATE OF THE CREDIT.

EXCEPT AS OTHERWISE EXPRESSLY STATED HEREIN, THIS CREDIT IS SUBJECT TO THE UNIFORM CUSTOMS AND PRACTICE FOR DOCUMENTARY CREDITS, 1993 REVISION, ICC PUBLICATION NO. 500.

NON-NEGOTIABLE

Charles W. Berland / E. Abbosi

AUTHORIZED SIGNATURE(S)



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LETTER OF CREDIT AMENDMENT

LETTER OF CREDIT NUMBER S265349 AMENDMENT REF. NO. 001
AMENDMENT ISSUANCE DATE: JANUARY 21, 1997

BENEFICIARY
U.S. NUCLEAR REGULATORY
COMMISSION
WASHINGTON, DC 20555

APPLICANT
FANSTF'L INC.
ONE TANTALUM PLACE
NORTH CHICAGO, IL 60064

ORIGINAL LETTER OF CREDIT DATED AUGUST 14, 1996

THE ABOVE MENTIONED LETTER OF CREDIT IS AMENDED AS FOLLOWS:-

IN FIRST PARAGRAPH THE LETTER OF CREDIT AMOUNT SHOULD READ
(\$3,706,460.00)
THE WORD "OFFICE" IN THE NEXT TO THE LAST PARAGRAPH ON PAGE TWO
OF THE LETTER OF CREDIT SHOULD READ: AT OUR OFFICE AT 10 SOUTH
LASALLE STREET, CHICAGO, ILLINOIS 60603

PRESENTATION OF DOCUMENTS MAY BE MADE BY REGULAR MAIL OR OVER-
NIGHT COURIER OR BY PERSON. HOWEVER, DOCUMENTS HAVE TO BE
RECEIVED BY US BEFORE THE EXPIRATION DATE OF THE CREDIT.

THE ORIGINAL LETTER OF CREDIT WAS SIGNED BY CHARLES W. GERLACH,
JR., OPERATIONS OFFICER, AND EVELYN D. ABBASI, PRO-CASHIER.

ALL OTHER TERMS AND CONDITIONS OF THE CREDIT REMAIN UNCHANGED.

BY: CHARLES W. GERLACH, JR.
TITLE: OPERATIONS OFFICER

BY: EVELYN D. ABBASI
TITLE: PRO-CASHIER

NON-NEGOTIABLE