

March 1, 2002

The Northern Trust Company  
ATTN: Manager - Letter of Credit C-4N  
801 South Canal Street  
Chicago, IL 60607

SUBJECT: LETTER OF CREDIT NO. S265349

Dear Sir:

On August 14, 1996, The Northern Trust Company issued Letter of Credit No. S265349 (new reference No. SLC300116), in the amount of \$3,706,460, in favor of the U.S. Nuclear Regulatory Commission (NRC) at the request and for the account of Fansteel, Inc. By Notice of Non-Renewal dated January 10, 2002, Northern Trust notified the NRC and Fansteel that it had elected not to renew the Letter of Credit upon its expiration date of August 14, 2002.

You are notified by this letter that the NRC wishes to draw upon the full value of Letter of Credit No. S265349 and have the resulting funds deposited in the Standby Trust created for this purpose. Our Sight Draft is enclosed. I certify that the amount of the draft is payable pursuant to regulations issued under the authority of the NRC.

Please contact Mr. Thomas Fredrichs at (301) 415-5971 if you have any questions. Thank you for your cooperation.

Sincerely,

*/RA/*

Martin J. Virgilio, Director  
Office of Nuclear Material Safety  
and Safeguards

Docket No.: 04007580  
License No.: SMB-911

Enclosures: 1. Sight Draft  
2. Letter of Credit

**Certified Mail**  
**Return Receipt Requested**

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OFFICE	DWM		DWM		FCLB		FCLB		FCLB	
NAME	TFredrichs		CCraig		MLamastra		PShea		MBailey	
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\*See Previous Concurrence

OFFICIAL RECORD COPY

**Certified Mail**  
**Return Receipt Requested**

SIGHT DRAFT - LETTER OF CREDIT

DRAWN UNDER: The Northern Trust Company LETTER OF CREDIT NO. S265349 DATED AUGUST 14, 1996, for the Account of Fansteel, Inc. (New Reference No. SLC300116)

DATE: March 1, 2002

At sight, Pay to the Order of: U.S. Nuclear Regulatory Commission, as beneficiary under Standby Trust No. 2740 at Bank of Waukegan

By wire transfer of immediately available funds:

TO: Bank of Waukegan  
Trust Department

To credit account number: Standby Trust No. 2740

U.S. \$3,706,460.00

Three million seven hundred six thousand four hundred sixty and 00/100 U.S. Dollars

TO: Bank of Waukegan  
Trust Department  
161 North Lewis Avenue  
Waukegan, Illinois 60085-1761

U.S. Nuclear Regulatory Commission

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 U.S. \$3,706,460.00. I certify that the amount of the draft is payable pursuant to regulations issued under authority of U.S. Nuclear Regulatory Commission.

By: /RA/  
Martin J. Virgilio, Director  
Office of Nuclear Material Safety  
and Safeguards  
U.S. Nuclear Regulatory Commission

**Certified Mail**  
**Return Receipt Requested**