

**AMENDMENT NUMBER TWO
TO STANDBY TRUST AGREEMENT**

This Amendment Number Two to Standby Trust Agreement dated February 3, 1994, and amended as of March 6, 1997, by and between Fansteel Inc., a Delaware corporation, herein referred to as the "Grantor", and the Bank of Waukegan as trustee under Trust No. 2740, and not individually, of Waukegan, Illinois, herein referred to as the "Trustee", is entered into this ___ day of November, 2003.

WHEREAS, the Grantor and Trustee entered into the Standby Trust Agreement, as heretofore amended, herein referred to as the "Agreement", described above in conjunction with Grantor providing financial assurance that funds will be available when needed for required decommissioning activities described in the Agreement; and

WHEREAS, the Grantor originally elected to use letters of credit to provide financial assurance for the facilities identified in the Agreement; and

WHEREAS, because of issues related to remediation of the Grantor's Muskogee Site and other reasons, on January 15, 2002, the Grantor and eight of its subsidiaries filed for bankruptcy protection pursuant to Chapter 11 of the Bankruptcy Code in the United States Bankruptcy Court for the District of Delaware; and

WHEREAS, Amendment Number One to the Standby Trust Agreement was entered into on March 6, 1997, to amend Schedule A to reflect a revised cost estimate for decommissioning activities; and

WHEREAS, payment was made under the aforementioned letters of credit into the Standby Trust Fund by requests of the NRC dated February 27, 2002, and March 1, 2002; and

WHEREAS, upon emergence from Chapter 11, and in accordance with the terms and conditions of a confirmed Plan of Reorganization, a wholly-owned subsidiary of the Grantor, FMRI Inc., herein referred to as "FMRI", will undertake decontamination and decommissioning of the Muskogee Site; and

WHEREAS, FMRI will become the Nuclear Regulatory Commission, herein referred to as "NRC", licensee for License SMB-911 and will undertake full responsibility for decontamination and decommissioning of the Muskogee Site; and

WHEREAS, the Grantor and the NRC have agreed to a decommissioning funding mechanism for FMRI's remediation of the Muskogee Site which provides that the proceeds of the Standby Trust Fund will provide a portion of the amount of financial assurance for decommissioning of the Muskogee Site; and

WHEREAS, the Agreement executed by Grantor and Trustee must be amended to reflect the license transfer and the concomitant transfer of responsibility for the decommissioning funding mechanism agreed to by the Grantor and the NRC.

NOW, THEREFORE, the Grantor and the Trustee agree as follows:

1. In accordance with Section 15 of the Agreement, the Agreement is amended and reissued in its entirety and renamed as set forth in Attachment 1 (herein referred to as the "Amended Agreement"), hereto, to reflect the assumption of the obligation of FMRI from the Grantor to remediate the Muskogee Site pursuant to NRC License SMB-911 in accordance with an application to the NRC to transfer the license for the Muskogee Site dated July 24, 2003, as amended. The Trustee also has indicated its agreement to and acceptance of the Amended Agreement by its signature on this Amendment and Attachment 1. In accordance with Section 15 of the Agreement, the NRC has indicated its agreement to and acceptance of the Amended Agreement by its signature on this Amendment. FMRI will execute the Amendment to indicate its agreement to and acceptance of the Amended Agreement on the Effective Date of the "Joint Reorganization Plan of Fansteel Inc. and Subsidiaries."

2. This Amendment shall become effective upon the execution of the Amended Agreement by FMRI. The effectiveness of this amendment substitutes FMRI as Grantor of the Trust Fund and shall relieve Fansteel Inc. of any obligations as original Grantor of this Trust Fund.

IN WITNESS WHEREOF, the parties have caused this Amendment Number Two to be executed by the respective officers duly authorized and the corporate seals to be hereunto affixed, as necessary.

ATTEST: Beverly Chaves

BANK OF WAUKEGAN, as trustee aforesaid and not individually

Its: Asst. Vice President

By: [Signature]
Vice President

ATTEST: R.M. M. Ester

Fansteel Inc.

Its: Vice President

By: [Signature]

CONSENTED TO:

U.S. NUCLEAR REGULATORY COMMISSION

By: [Signature]

(SEAL)